

<b>Consultation Results Synopsis</b> <b>Information to Stakeholders on the Outcome of the 2<sup>nd</sup> Round of Consultation</b> Review of the Tea Fairtrade Standards for Small-scale producer organizations, Hired Labour and Traders	
<b>To</b>	Fairtrade stakeholders
<b>Consultation Period</b>	29.10.2020 – 18.12.2020
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## CONTENTS

PART 1. Project Information .....	2
1.1. General Introduction.....	2
1.2. Executive summary .....	2
1.3. Way Forward.....	10
1.4. Abbreviations .....	10
PART 2 Consultation outcomes .....	11
2.1. Consultation Process .....	11
2.2. Participants .....	11
2.3. Consultation Outcome.....	13
<b>Topic 1. Anti-modern slavery .....</b>	<b>14</b>
1.1 <i>No child labour, enabling decent youth employment.....</i>	<i>14</i>
1.2 <i>Temporary worker contract .....</i>	<i>15</i>
<b>Topic 2. Gender Based Violence (GBV) remediation .....</b>	<b>17</b>
<b>Topic 3. Terms and conditions of employment .....</b>	<b>19</b>
3.1 <i>Minimum wage for tea sector .....</i>	<i>19</i>
3.2 <i>Housing and sanitation.....</i>	<i>23</i>
3.3 <i>Freedom of Association and Collective Bargaining.....</i>	<i>30</i>
<b>Topic 4. Fairtrade Premium Management .....</b>	<b>32</b>
4.1 <i>Sustainability margin (SM) .....</i>	<i>32</i>
<b>Topic 5. General Requirements and Commitment to Fairtrade .....</b>	<b>36</b>
5.1 <i>Fairtrade Compliance Committee (FCC) .....</i>	<i>36</i>
5.2 <i>Social development.....</i>	<i>42</i>
<b>Topic 6. National legislation.....</b>	<b>44</b>
<b>Topic 7: Trade. Requirements applicable to traders sourcing from SPO and HL estates .....</b>	<b>45</b>
7.1 <i>Retro-certification .....</i>	<i>45</i>
7.2 <i>Purchases and sales of green tea leaves .....</i>	<i>50</i>
7.3 <i>Pre-finance rules: Alignment with the Trader Standard.....</i>	<i>51</i>
<b>Topic 8: Inclusion of Herbs &amp; Spices in the certification scope of Tea HL organizations.....</b>	<b>53</b>
<b>Topic 9: Transition period and applicability of the revised standard .....</b>	<b>56</b>
<b>Topic 8: General comments/ feedback on the Tea HL standard review .....</b>	<b>57</b>

## PART 1. Project Information

### 1.1. General Introduction

Fairtrade International's Standards & Pricing (S&P) would like to thank all stakeholders for the time and effort they have put into participating in the first round of the full review of Tea Fairtrade Standards for Small-scale producer organizations, Hired Labour and traders. The consultation concluded on 18.12.2020 with a total of 60 organizations (61 respondents) participating online and 39 organizations (58 participants) in online webinars who gave S&P their views and perspectives. Thanks to these contributions, S&P has gained a good understanding of the main topics and concerns including potential solutions. This information provides the basis for the proposals to develop the drafts of Tea standards for Hired Labour and Small scale producer organizations and traders.

This document aims to present the outcome of the consultation in the most transparent way possible without disclosing confidential stakeholder information.

**Should you have any queries or remarks concerning this report, please contact the Standards Project Manager Oksana Forkutsa at: [o.forkutsa@fairtrade.net](mailto:o.forkutsa@fairtrade.net)**

### 1.2. Executive summary

The overall objective of tea standards review in the 2<sup>nd</sup> consultation round is to ensure that standards create the positive impact for workers on plantations that is demanded by Fairtrade producers, businesses, civil society and consumers.

The second round of consultation took place in October-December 2020 was based on the input received during the first round of consultation and also included any other outstanding issues that were not yet consulted on. The overall participation is represented by 40 % of producer organizations (SPO, HL). Due to COVID-19 restrictions it was not possible to collect feedback from workers. Therefore in the final proposal the learnings and feedback from workers on the topics provided in the 1<sup>st</sup> round will be considered.

Below, a summary of the consultation topics and an overview of the responses per topic:

Topic and Explanation	Consultation responses – main outcomes
<b><u>1. Anti-modern slavery</u></b>  <b>1.1 No child labour, enabling decent youth employment</b>  <u>The proposal aims at:</u> <ul style="list-style-type: none"> <li>addressing the working conditions for youth, ensuring decent employment when it is legal to employ as of age of 16. This would also complement to changes that were introduced after 1st consultation round in the requirement on protection of children from worst forms of child labour and hazardous work</li> </ul>	<p><i>Consulted for change in Tea HL standard.</i></p> <p><b>Proposal 1:</b> Introduce a new requirement that defines conditions for youth employment.</p> <p>Overall majority (81%) of stakeholders strongly agreed with proposed change and some recommended to clarify what would be the procedure if in the event of non-compliance, e.g. there would be a zero tolerance for violation or a remediation timeline.</p>
<b>1.2 Temporary worker contract</b>  <u>The proposal aims at:</u>	<p><i>Consulted for change in Tea HL standard.</i></p> <p><b>Proposal 2:</b> To strengthen the existing requirement for temporary workers contracts, and introduce it to the Tea HL standard with</p>



Topic and Explanation	Consultation responses – main outcomes
<ul style="list-style-type: none"> <li>•introducing the thresholds referring to the fixed period / number of days after which a worker has to be offered an employment contract for a temporary worker and ensure that this is feasible to implement from legal perspectives in different regions.</li> </ul>	<p>modifications that define fixed number of days after which plantations have to provide temporary workers with a contract.</p> <p>33% of respondents strongly agreed with the proposed change. The recommendations were to include more elements and/or add better clarity for providing decent conditions to temporary workers and allowing some flexibility because in some cases there is also interest to remain a temporary worker when a person is not seeking for a permanent contract after 2 years. Temporary workers are commonly employed only for 0-6 months to cover seasonal needs in any given year. Overall respondents agreed with the intention, specifying that wording of requirement should reflect comments from producers so that the spirit and intention of the requirement can be included into the standard while recognizing the realities of the seasonal nature of the work and the common practices with regards to employment of seasonal workers</p>
<p><b><u>2. Gender Based Violence (GBV) remediation</u></b></p> <p><u>The proposal aims at:</u></p> <ul style="list-style-type: none"> <li>•introducing a new requirement on remediation, should GBV cases be identified, requiring companies to follow the procedures in place to ensure safe withdrawal and continuous monitoring to prevent GBV.</li> </ul>	<p><i>Consulted for change in Tea HL standard.</i></p> <p><b>Proposal 3:</b> Introduce a new Core/Year 0 requirement that requires that company remediate if Gender Based Violence case is identified.</p> <p>Majority (64%) agreed with the proposed change and recommended to further simplify the wording moving away from 'rights based approach' etc. It is also explained as a global issue, the GBV does require rather proper capacity building than only as a compliance with the standard. Another point mentioned was that in some cases the government infrastructure could be inadequate to carry out remediation measures and thus suggested that Fairtrade Premium is allowed for use to facilitate this implementation.</p>
<p><b>3.Terms and conditions of employment</b></p> <p><b><u>3.1 Minimum wage for tea sector</u></b></p> <p>The proposal is that requirement 3.5.1 in HL standard is implemented with more explicit reference regarding the term 'similar occupations'. In North-East India, the minimum wage for similar occupations is the legislated minimum wage for unskilled agricultural labour.</p> <p>While setting a higher bar for plantations to improve cash wages paid to workers, Fairtrade understands the need to support in the processes for sector dialogue across different origins that bring further changes on improvement of workers living conditions</p>	<p><i>Consulted for change in Tea HL standard.</i></p> <p><b>Proposal 4:</b> to modify the guidance of existing requirement 3.5.1 in HL standard to enforce Fairtrade approach on applicable wages and facilitate wages improvement which is in line with wages rates set by national labour regulations in Fairtrade tea producing countries</p> <p>Overall opinions are divided, 39% of respondents strongly agreed with a very few respondents from producer organizations. While other suggestion is to go beyond the "intention" and further require a commitment plan to increase wages over time to close the gap with a living wage. The respondents from trader and producer organizations were in line and in agreement with overall intention to increase wages, they did not agree neither with the proposed approach nor with the proposed reference to values. A producer organization that is a signatory to the CBA can not set the wages outside of the tripartite agreements and in case of any introduced change on wages, it would bring disturbance on other gardens, because producer organizations are part of industry which is governed by set of rules from Industry and Government bodies and there would be a risk for company to be excluded from the Tea Association. Trader respondents opined that the proposed value</p>



Topic and Explanation	Consultation responses – main outcomes
<p><u>The proposals aim to:</u></p> <ul style="list-style-type: none"> <li>•reinforce the existing clause that would help to lift wages, targeting the tea growing regions with existing barriers to raising wages such as complex wage-setting processes, unfruitful collective bargaining, and absence of adequate legal minimum wages.</li> <li>•refer to the average value of minimum wage for unskilled agricultural labour which is set in Assam and in West-Bengal and to be applied as long as a minimum wage for the sector has not been formally legislated.</li> <li>•consider a step-by-step approach for implementation of daily wages in Assam and West-Bengal.</li> </ul>	<p>should allow in-kind benefits otherwise the proposed way to improve wages making Fairtrade production unviable.</p> <p><b>Proposal 5.</b> to consult on two options for gradual increase of paid wages, that would reach the minimum legislated wage for unskilled agricultural labour set for tea sector in Assam and West-Bengal</p> <p>First majority (50%) of respondents found this proposal not relevant to them and second majority group (34%) disagreed with any of the proposed options providing arguments that referring to the wage set for agricultural worker is not correct because tea industry does not fall in the scope of agriculture in India. Recommendations included to balance any proposed change with a change in FMP &amp; FP so that buyers also contribute. While traders in Europe indicated that this requirement will not be feasible for producers as it will increase costs, and may risk them withdrawing from the system Overall respondents are aligned that Fairtrade should not advocate any change in wage structure until the federal government of India announces the implementation of Code of Wages which will be binding for all producers.</p>
<p><b><u>3.2 Housing and sanitation</u></b></p> <p>The proposals aim at:</p> <ul style="list-style-type: none"> <li>• to ensuring that the highest level of housing quality provision is achieved for workers;</li> <li>• clarity on housing and sanitary quality required at a minimum;</li> <li>• timelines and responsibilities for carrying out housing and sanitary facility quality assessment;</li> </ul>	<p><i>Consulted for change in Tea HL standard.</i></p> <p><b>Proposal 6:</b> to modify existing Core/Year 3 requirement 3.5.28, and split it into two Core/Year 0 requirements clarifying on acceptable levels of housing and sanitary facilities quality.</p> <p>58% of respondents agreed to split the current requirement which would add clarity for producers and auditors especially when it comes to washing and sanitary facility. Further on requirement for Housing it was specified that FP should be allowed to be spent on any elements/conditions that come extra to those required by the Plantations Labour Act (in India). Other suggestion is not to have this a core but rather a Development requirement that allows to improve over time.</p> <p>On requirement for Sanitation &amp; Washing facilities 49% of respondents agreed and indicated such requirement should be adapted to be compatible in the context of local laws.</p> <p>Further suggestions were made on elements that would be either not feasible to comply with and therefore should be removed from requirements or the missing elements that should be added.</p> <p><b>Proposal 7.</b> To introduce a Core/Year 1 requirement on regular housing assessment and improvement</p> <p>Majority (64%) agreed with this proposal and recommended to further set the timelines within which the reasonable actions should be implemented once the issue is identified in the assessment procedure and consider introducing a mechanism for workers to be able to notify a responsible person. However, number of respondents from producer organizations find this requirement only adds bureaucracy and finally financial burden, especially in cases</p>



Topic and Explanation	Consultation responses – main outcomes
	<p>when a retired worker continues to live in the house and for new appointee a new house has to be built.</p> <p>Regarding the frequency of assessment (annual), 53 % of respondents agreed and recommended to provide training and guidance to enable producers to set this up. Therefore, suggestion from producer organization respondents to rather do such assessment to once in two or three years because repairing work is done throughout the year while basic structure would not change within a year. Some others commented that this would be either contradicting or duplicating the existing system in place and thus suggested to take into account local laws and union agreements.</p>
<p><b><u>3.3 Freedom of Association and Collective Bargaining</u></b></p> <p>The proposal aims at:</p> <ul style="list-style-type: none"> <li>• introducing a new requirement, that would be checked reactively in case the request or notification for Human Rights / Labour Rights NGOs to meet with workers was denied and introduce clarification in the guidance on the cases when a notification is not needed;</li> </ul>	<p><i>Consulted for change in Tea HL standard.</i></p> <p><b>Proposal 8</b> to introduce a new reactive requirement, that allows to react in case the notification coming from Human Rights/Labour Rights NGOs to meet with workers was denied.</p> <p>49% strongly agreed highlighting this should help improving worker's knowledge about their rights and 37% partially agreed with the proposal indicating that this could have serious unintentional consequences at producer level with regards to security, political unrest and compliance to local rules. Other concern remain is regarding the audit against this requirement and suggestion here is that there is an external mechanism for reporting in case access has been denied, there are allegations possible to report. The overall point from producer organizations is that workers are often well protected when they belong to trade unions while as NGOs are not responsible to maintain the discipline at tea estates their involvement can agonise the workers.</p>
<p><b>4.Fairtrade Premium Management</b></p> <p><u>The proposals aim at:</u></p> <ul style="list-style-type: none"> <li>• consulting on options for changes, that would ensure a level playing field for all producer organizations setting equal grounds on use of Fairtrade premium through Fairtrade Premium Committee</li> <li>• exploring details of the option on extension of the sustainability margin concept to all organization with a better clarity on FP use and scope of applicability. In particular, define rules on SM margin is to ensure its use is in line with Fairtrade principles on Premium use, through enabling a more balanced negotiation between</li> </ul>	<p><i>Consulted for change in Tea HL standard.</i></p> <p><b>Proposal 9.</b> To introduce changes to the Sustainability Margin (SM) concept, that ensure transparency and clarity to FPC and management of estates on FP use. The proposed two options explore what change would be most feasible to introduce and if we need to set any fixed timeline for the option with extended scope of sustainability margin.</p> <p>54% respondents preferred the option to keep the SM concept with minor changes introduced that improve clarity regarding its use, justifying their choice by argument that many tea estates find themselves struggling with sustainable existence and that SM would make marginalized producer organizations be more viable for the longer term. So the benefit of FP should be equally balanced between community based FT projects and assist the management in delivering best standards for the workers and their business operations. Those who opted for removal of SM from the standard specified that SM complicates the communication with consumers, book-keeping and auditing procedure to the FP use and accountability.</p>



Topic and Explanation	Consultation responses – main outcomes
<p>Management and FPC how SM can be used.</p> <ul style="list-style-type: none"> <li>• exploring a potential fixed period for one of the options to be applicable</li> </ul>	<p><b>Proposal 10.</b> Introduce requirement to ensure clarity to FPC and Management of estates defining rules for transparency on accountability of sustainability margin use.</p> <p>67% respondents agreed that this change would add clarity on SM use, proper planning and reporting. While producer organizations from different tea origins indicated that passing approval to use the small portion of FP through FPC goes against its original purpose, since there would be no difference between the FP use and SM use in terms of procedures. The better use of it is when SM is accessed at critical times for business, but with procedure for approval this becomes rather a burden as a procedure itself. Further recommendation is not to fix the use of SM to 50% of costs on infrastructure projects.</p>
<p><b>5. General Requirements and Commitment to Fairtrade.</b></p> <p><b>5.1 Fairtrade Compliance Committee (FCC)</b></p> <p><u>The proposals aim at:</u></p> <ul style="list-style-type: none"> <li>• defining the compliance committee's role and structure, also considering the existing workers' committees in place;</li> <li>• to strengthen existing requirements in the generic HL standard to ensure that the implementation of requirements on compliance committee is aligned with related activities required to be carried out by companies. This includes changes in requirements on shared of audit results with workers (HL req.1.1.2), scope of general assembly (HL req. 2.1.16) and raised awareness about Fairtrade (HL req. 2.2.1).</li> </ul>	<p><i>Consulted for change in Tea HL standard.</i></p> <p><b>Proposal 11.</b> to introduce a new Core/Year 1 requirement on Fairtrade Compliance Committee (FCC) composition and tasks.</p> <ul style="list-style-type: none"> <li>• <b>FCC composition and tasks:</b> 56% respondents strongly agreed and support the overall intention of the proposal, however some are also concerned that there might be potential difficulties on the implementation and insufficient engagement from the workforce. Apart from this the feedback was on providing more clarity as to when the FCC meetings should take place and how often they would be required to report, and other elements. However, the feedback from producer organizations remain similar to the one in 1<sup>st</sup> round consultation – to avoid creating additional committee in place and provide clarity how compliance would be assessed in case of lack of worker participation, emphasizing to avoid involving the representatives from the Trade Unions. Overall it was highlighted that often workers are illiterate, thus expecting them to do this work and develop reports would be nearly impossible while current requirements in standard already provide proper space for workers to actively participate in Fairtrade.</li> <li>• <b>Extended scope of GA requirement:</b> Majority (62%) of respondents agreed to introduce the change in the existing requirement for annual GA to include reporting from other committees, and 17% of respondents disagreed because of risks of misplaced priorities among the committees in the meetings.</li> <li>• <b>Transition period:</b> A one year transition period for this requirement was supported by 51% of respondents. The rest find it not feasible due to complications mentioned in feedback above, COVID-19 consequences, uncertainty on developments with vaccinations and overall challenge that this would only be possible following proper support and capacity building activities.</li> </ul>



Topic and Explanation	Consultation responses – main outcomes
	<p><b>Proposal 12.</b> To modify the existing requirement in HL standard on shared audit results, ensuring workers are better informed about audit results and explore feasible timeline by when the results must be shared</p> <p>Majority (83%) agreed with proposed change that would enhance the transparency within the companies and also for workers to be informed on any raise non-conformities and indicate to workers that their efforts and involvement also plays an important role in maintaining the certification with Fairtrade standard. Further recommendations is to ensure that reports should be verbally communicated. While those who disagreed found that it should remain only as a best practice and instead of the requirement on FCC.</p> <ul style="list-style-type: none"> <li>• 1 month was the time proposed in consultation as a feasible. Majority (71%) respondents agreed with the proposed timeline as a sufficient time to allow for the workers to understand and participate effectively on the report. Other inputs indicated that 2 or 3 months would be rather more feasible.</li> </ul> <p><b>Proposal 13.</b> To modify existing requirement in HL standard on awareness raising regarding company's commitment under Fairtrade</p> <p>Majority (88%) of respondents strongly agreed however indicated that examples provided in the guidance are made more clear.</p>
<p><b>5.2 Social development</b></p> <p>The proposal aims at:</p> <ul style="list-style-type: none"> <li>• Considering concerns from various stakeholder groups and further strengthening of the requirement.</li> </ul>	<p><i>Consulted for change in Tea HL standard.</i></p> <p><b>Proposal 14:</b> To strengthen requirement on training for trade union / elected worker representatives, and move its applicability from Year 3 to Year 1.</p> <p>Majority (62%) respondents strongly agreed however still expressed their concern regarding the feasibility on estates where workers unions are already established. The recommendation is that Producer Network should identify and select reliable agencies for training. One other concern is that in cases where workers' unions are well established, it would be challenging for the management of the estate to interfere in their training processes/</p>
<p><b>6. National legislation</b></p> <p>The proposal aims at:</p> <ul style="list-style-type: none"> <li>• enabling Fairtrade to act in case violations to national law take place. The purpose is not that auditors check proactively compliance of organizations against all labour or environmental laws, but to have a tool to react in case of risk or indications of non-compliance. Also, it aims at providing clarity to companies on</li> </ul>	<p><i>Consulted for change in Tea HL standard.</i></p> <p><b>Proposal 15:</b> To introduce a new Core / Year 0 requirement on compliance with national law.</p> <p>Majority (73%) agreed with this requirement, suggesting to further improve the guidance to define the scope of the auditor's topics in relation to compliance with national legislations.</p>



Topic and Explanation	Consultation responses – main outcomes
how to act in case of contradiction of the standard with national law.	
<p><b>7. Trade. Requirements applicable to traders sourcing from SPO and HL estates</b></p> <p><b><u>7.1. Retro-certification</u></b></p> <p>The proposals aim to:</p> <ul style="list-style-type: none"> <li>eliminate delays in processing of retro-advice note;</li> <li>ensure clarity that producer organization is the one to decide/approve the availability of retro-certified volumes</li> </ul>	<p><i>Consulted for change in Tea HL and Tea SPO standards.</i></p> <p><b>Proposals 16.</b> To modify two existing requirements removing reference to retro-advice note and introduce 3 new requirements to ensure transparency on retro-certification process for producers and traders.</p> <p>58%of respondents agreed to eliminate the reference to retro-advice note and set clarity on the responsibilities how retro-certification should be done. However, producers must be the ones to approve availability of volumes for retro-certification. Applicability of requirement to first buyer to be moved up until the importer. Overall producers mentioned that retro-certification makes it difficult to plan and spend premium, and tracing transactions and payments it often problematic for them.</p> <p>64%of respondents agreed with the requirement on informing producer organizations within 5 days, and specified to clarify 5 working days starting from which event/operation.</p> <p>66% or respondents agreed that trader should report also to the certification body on retro-certified transactions</p> <p>64%of respondents also agreed that exporters keep track of retro-certified volumes</p> <p><b>Proposal 17.</b> To introduce a new Core/Year 0 requirement applicable to first buyer and all traders who retro-certify tea, to buy at least 20% of total volume (produce) through direct purchase</p> <p>Majority (64%) agreed to set the limitation on volume that can be retro-certified however important is to clarify the timelines (volumes bought in a year etc). Producers strongly agreed and supported this change since it'd help for better premium planning and it is believed retro-certification should only be followed when it's unavoidable.</p>
<p><b><u>7.2 Purchases and sales of green tea leaves</u></b></p> <p>The proposal aims:</p> <ul style="list-style-type: none"> <li>introducing a change in the standard that will benefit SPOs in their premium use planning and provide an overall clarity on processes and timelines of FP transactions as well as responsibilities in the supply chain</li> <li>addition of new requirement, applicable for First buyer/Processor that stipulates the minimum necessary details related</li> </ul>	<p><i>Consulted for change in Tea SPO standard.</i></p> <p><b>Proposal 18.</b> to introduce a new Core/Year 0 requirement for purchases and sales of green tea leaves from small-scale producer organizations</p> <p>48% of respondents strongly agreed and producer organizations that it would enhance assurance to producers on their deserved benefits of their product however it may lead to an administrative burden auditing this requirement. The suggestion is to increase number of days for transaction from 14 days to 30 days.</p>



Topic and Explanation	Consultation responses – main outcomes
to purchases of green tea leaves and timely payments to SPOs.	
<p><b>7.3 Pre-finance rules:</b> <b><u>Alignment with the Trader Standard</u></b></p> <p>The proposal aims at:</p> <ul style="list-style-type: none"> <li>introduce new requirements in the Tea HL and SPO standards on pre-finance for traders, to align with the Trader Standard</li> </ul>	<p><i>Consulted for change in Tea HL and Tea SPO standards</i></p> <p><b>Proposal 19.</b> Introduce in Tea product standards for HL and SPO the requirement on 60% of contract value is provided by traders to producers as a pre-finance</p> <p>Overall opinions were divided. 41% of respondents strongly agreed recognizing the needed for alignment and enhancement of synergy. Other mentioned that it would be better for pre-finance to be based on mutual agreement and not as a compulsory requirement and that 60% might discourage traders from buying the tea. The suggestions is that pre-finance is applicable only for SPOs.</p>
<p><b>8. Inclusion of Herbs &amp; Spices in the certification scope of Tea HL organizations</b></p> <p>The proposal aims at:</p> <ul style="list-style-type: none"> <li>exploring possibility to expand the scope of standards for Herbs &amp; Herbal teas standard for HL organizations to allow to sell dried Black Pepper only when it's grown as intercrop on Tea plantations of HL organizations;</li> <li>understanding the demand, opportunities and risks related with scope extension, to avoid creating any disadvantages for tea small-scale producer organizations and ensure fair competition on the market for Black Pepper.</li> </ul>	<p><i>Consulted for change in Tea HL standard.</i></p> <p><b>Proposal 20:</b> to expand the scope of the standard for Herbs and Herbal teas for HL, to include Black Pepper (as dried spice) in the certification scope for Tea HL organizations only under following restricted conditions:</p> <ul style="list-style-type: none"> <li>HL organization is certified for tea as a primary product</li> <li>black pepper (<i>Piper Nigrum L</i>) is grown as an intercrop on certified tea plantations</li> <li>dried black pepper can not be sold as Fairtrade when tea is not sold as fairtrade</li> <li>in case a company is decertified against tea hl standard, black pepper as a secondary crop is removed from the certification scope as well.</li> </ul> <p>Overall producer organizations (HL) based in Asia and Pacific were more in favour to expand the scope, while those based in Africa and Middle East are less supportive. However if specific restrictions as followed and implemented, then it could potentially be agreeable.</p>



Topic and Explanation	Consultation responses – main outcomes
<b>9. Transition period and applicability of the revised standard</b>	<p>Fairtrade suggests that the Tea SPO and HL revised standards become applicable as of October 1st, 2021. This leaves producers and traders a transition period of at least 6 months, given that the revised standards will be published by May 1st, 2021 or prior to that.</p> <p>Overall stakeholders recommended to allow a bit more time and let the standard becoming effective as of beginning of 2022.</p>
<b>10. General comments/ feedback on the Tea HL standard review</b>	<p>Respondents left additional comments regarding the topic of wages, FMP, retro-certification, use of FP, sale of the tea estate and other.</p>

### 1.3. Way Forward

The findings from the first round of consultation are consolidated in this synopsis paper and will be sent to all the participants and will also be published on the Fairtrade International (FI) website. The findings will also provide guidelines into topics to be consulted on during the second round of consultation.

The final draft standard requires Standards Committee (SC) approval and will be presented to the SC in Q2 2020. The final decisions of the SC will be published in the minutes following the meeting and will be available on the FI website.

Activity	Timeline
Scoping	September 2018
Desk research	Q4, 2018
COSP collection	December – March 2019
1 <sup>st</sup> round consultation	June-July 2019
Analysis of consultation responses	August –October, 2019
Publication consultation results synopsis	December 2019
Drafting proposal 2 <sup>nd</sup> round	December 2019 - January, 2020
Consultation 2 <sup>nd</sup> round	January - February, 2020
Analysis of consultation responses	March, 2020
Drafting final proposal	May 2020
SC decision	June 2020
Publication	Q2 2020

### 1.4. Abbreviations

CBA	Collective Bargaining Agreement
CTC	Crush, Tear, Curl
FI	Fairtrade International
FMP	Fairtrade Minimum Price
FP	Fairtrade Premium
FPC	Fairtrade Premium Committee
FTA	Fairtrade Africa
GPM	Global Product Management
HL	Hired Labour
ILO	International Labour Organization



**FAIRTRADE**  
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[Back to table of contents](#)

LW	Remuneration received for a standard work week by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transport, clothing, and other essential needs, including provision for unexpected events.
MEL	Monitoring Evaluation & Learning
NFO	National Fairtrade Organization, Fairtrade country organizations in the consumer markets
NGO	Non-Governmental Organization
PN	Producer networks, regional Fairtrade organizations in the producer Markets
PO	Producer Organisation
PLA	Plantation Labour Act
SC	Fairtrade International Standards Committee
SM	Sustainability margin
SPO	Small-scale producer organization
S&P	Standards & Pricing
TU	Trade Union
WB	World Bank
WHO	World Health Organisation

## PART 2 Consultation outcomes

### 2.1. Consultation Process

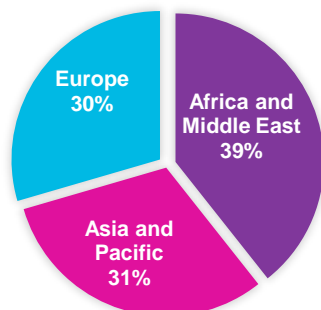
The consultation in survey format was published online in Survey Hero and was also available in word format on the Standards section of the Fairtrade website. Both links were sent to all certified tea small producer organizations, tea hired labour organizations, traders and other relevant stakeholders. The survey was open for 51 days. In addition to the possibility to give written feedback, online webinars also took place for stakeholders in Asia/Pacific regions and Europe. In Africa and Middle East individual field trips were organized to engage with organizations directly. Both the online webinar and direct visits enabled verbal feedback and discussions of topics. S&P particularly thanks the NFOs and PNs who enabled the stakeholder participation in the consultation.

For each of the topics consulted this report considers the responses provided via the online survey and the responses provided in online webinars in a summarized way in order to protect anonymity.

### 2.2. Participants

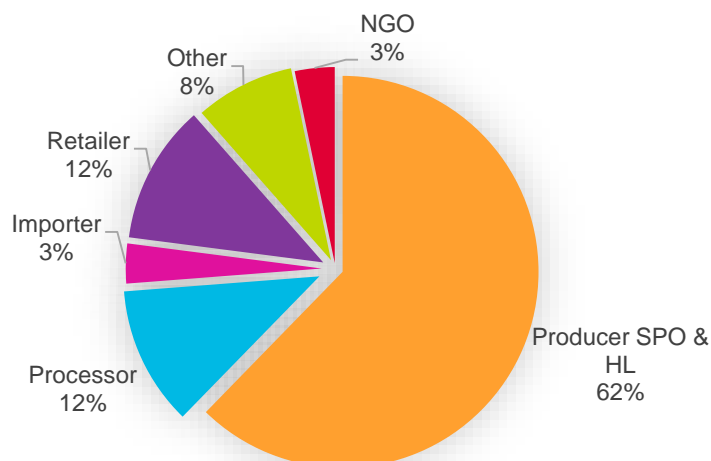
In total 61 stakeholders participated via the online tool or provided written responses to the questionnaires. Per region the highest participation came from Africa and the Middle East 39% (24 participants), followed by 31% (19 participants) from Asia, 30% (18 participants) from Europe.

### TOTAL RESPONSES PER REGION

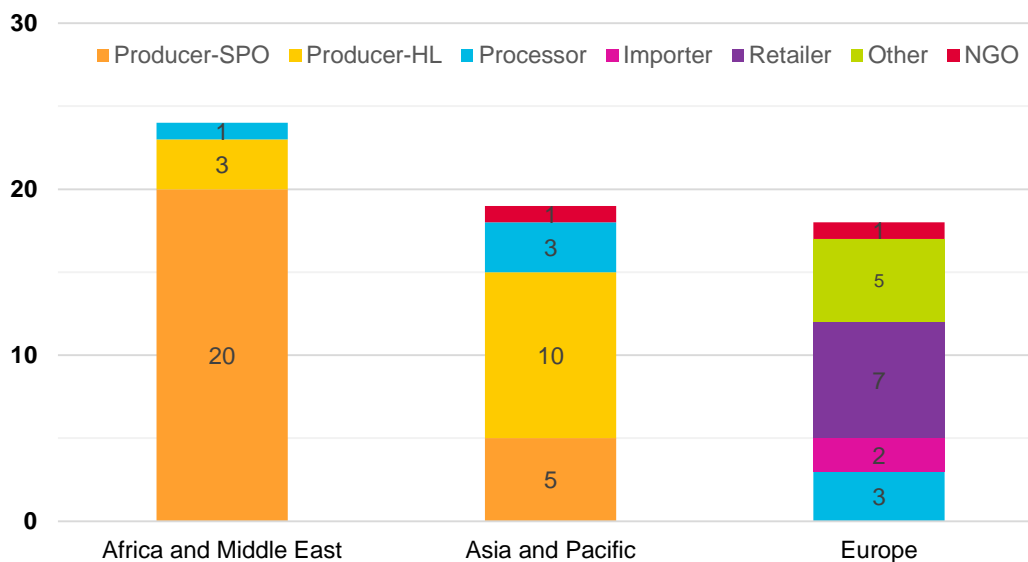


Looking at the distribution per responsibility in the supply chain, in the following chart below, 62% of total respondents are producer organizations (38 participants), followed by processors and retailers ( 7 participants each), 'other' (Assurance body and NFO staff for example), importers and NGOs (2 participants each). Further in the next chart, distribution of supply chain actors per regions is presented.

### Total responses per supply chain actor



### Responses per region and supply chain



### 2.3. Consultation Outcome

For stakeholders from SPO, the second round of consultation collected feedback and opinions on topics related to trade and scope of the Tea standard for Hired Labour organizations (see Topics 7, 8, 9). For stakeholders from Hired Labour organizations and traders, the consultation consisted of questions that were categorised into 9 topics with some of them having sub questions. In addition, in section B of the consultation document stakeholders were invited to the overview of requirements falling under 4 topics, which got endorsed in the 1<sup>st</sup> consultation round.

This section provides a summary of all proposals and responses received for each survey question. The proposals highlight in red with grey background colour what is proposed to be added and/or deleted.

## Topic 1. Anti-modern slavery

### 1.1 No child labour, enabling decent youth employment

#### Introduction of topic and overall aim of the proposal:

Following the results of the 1st round of consultation, the scope of existing 3.3.2 Core/Year 0 requirement in HL standard on protection of children under 18 from dangerous or exploitative work is expanded to protect children from worst forms of child labour and hazardous work. The terminology is in line with ILO and guidance allows for a producer organization to refer to generic list of hazardous work by ILO in case their country does not have a Hazardous Child Labour Activity list. Stakeholders however also suggested to strengthen the approach to child labour by looking at child rights more broadly and define the term "hazard". To see further modification in the requirement that was consulted in the 1st round, please check section 'Other changes'.

The generic HL standard requirements 3.3.1 and 3.3.2 stipulate that children under the age of 15 (if higher, under age defined by local law) must not be employed and that workers (children) less than 18 years of age cannot be directly or indirectly involved in worst forms of child labour and hazardous work. At the same time, the scope of requirements in HL standard on regulation of decent working conditions does not include the group of youth (per UN definition 'youth' age group are persons from 16 to 24 years).

Many young people, depending on a countries' minimum age of employment in low and middle-income countries (e.g. In Fairtrade it is 15 years or higher given a country's definition), cannot afford not to work and may end up in low-quality, exploitative, hazardous forms of employment (see ILO Guide on measuring decent jobs for youth).

Following the ILO global initiative on decent youth employment that aims to scale up action and impact on youth employment in support of the 2030 Agenda for Sustainable Development, Fairtrade would like to address the topic of youth employment under decent conditions in the Tea HL standard more explicitly.

#### The proposal aims at:

- addressing the working conditions for youth, ensuring decent employment when it is legal to employ as of age of 16. This would also complement to changes that were introduced after 1st consultation round in the requirement on protection of children from worst forms of child labour and hazardous work

There is one change proposed in this section.

#### Proposal 1: Introduce a new requirement that defines conditions for youth employment.

##### NEW Decent Youth Employment

<b>Applies to:</b>	Companies
<b>Core</b>	If it is legal to employ workers over the age of 16 and you do employ and promote youth employment for persons between 16 to 24 years old, you ensure their rights to decent employment (type and conditions of work) ( <a href="#">see section 3 'Labour conditions'</a> ).
<b>Year 0</b>	

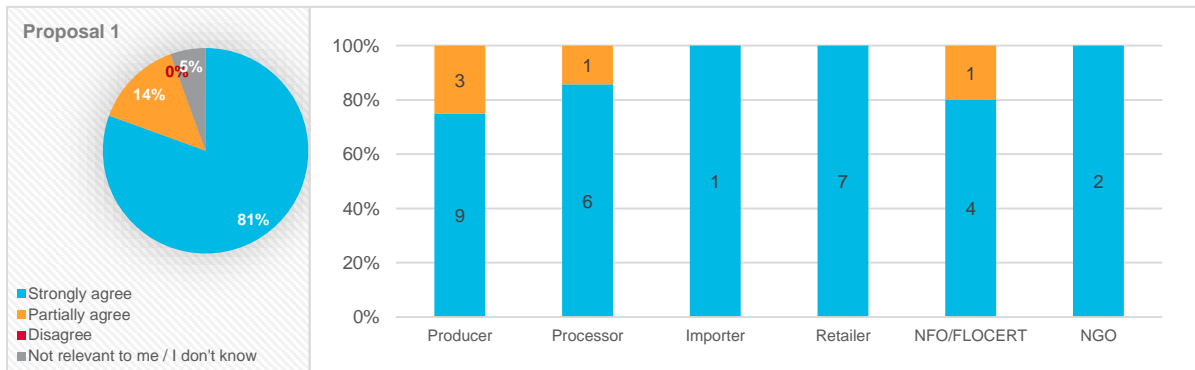
**Guidance:** Youth employment can be decent **only** if it incorporates the other three dimensions of decent work as well: rights, protection, voice and representation. Decent employment means female and male youth are not exploited, abused, discriminated against or are involved in dangerous work; they are paid wage equivalents of adults for equal jobs.

Examples of work that is potentially damaging includes work that takes place in an unhealthy environment, involves excessively long working hours, night work, the handling or any exposure to toxic chemicals, work at dangerous heights, and operation of dangerous equipment.

#### Written feedback

##### Do you agree to introduce a new Core/Year 0 requirement on decent youth employment?

Out of 36 respondents, 29 (81%) strongly agreed, including producer organizations from India who mentioned that having this requirement with articulation on youth employment is an important step ahead and that this is in line with the Indian Labour Laws. Producer organizations from Africa region indicated it would be a good opportunity for those youth group in community to earn a living to improve their wellbeing, however descent youth employments must be strictly followed and minimum age must be maintained to ensure that youth education continues, while those who would not want to continue for higher education could use this opportunity. Representatives from an NGO suggested to clarify if in the event of non-compliance there would be a zero tolerance for violation or a remediation timeline.



5 (16%) partially agreed with the proposed suggestion indicating that currently there is barely any interest in job on tea plantations from youth but in case this situation changes it's good to have this requirement. Other respondents from Asia and Pacific region highlighted that per applicable laws in India and Sri Lanka a person above 18 years old is considered as an adult and can be employed until 60 years of age (in India), suggesting not to separate clause for age of 18 to 24.

2 (6%) respondents found this change not relevant to them.

## 1.2 Temporary worker contract

### Introduction of topic and overall aim of the proposal:

The 3.5.7 requirement on temporary worker contract in HL standard currently defines that workers who are employed for a period of 3 months should have a contract. In the first round consultation the proposal aimed to improve this requirement to ensure workers protection and to secure their rights for decent working conditions. The proposed change was however not fully endorsed by stakeholders, who brought up potential challenges in implementation of this requirement due to local realities and legal regulations on contracting temporary workers starting from 1st day of their employment.

#### The proposal aims at:

- introducing the thresholds referring to the fixed period / number of days after which a worker has to be offered an employment contract for a temporary worker and ensure that this is feasible to implement from legal perspectives in different regions.

There is one change proposed in this section.

**Proposal 2: To strengthen the existing requirement for temporary workers contracts, and introduce it to the Tea HL standard with modifications that define fixed number of days after which plantations have to provide temporary workers with a contract.**

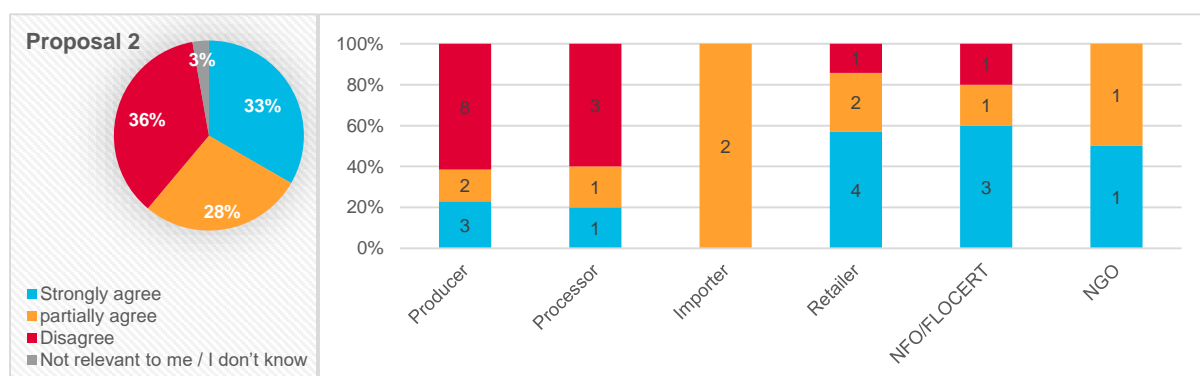
#### Temporary worker contracts

<b>Applicable to:</b>	Companies
<b>Core</b>	Temporary workers <del>who are employed for a period of 3 months or more of uninterrupted service</del> who work for 6 consecutive days or for at least 10 days in a month, or more, have a legally binding written contract of employment with a job description in a language they understand, signed by employee and employer. In which case 3.5.8 also applies.
<b>Year 1</b>	In the case of dissolution of the contract, the notice period is identical for employer and employee. <del>If in 2 years' time, the total number of working days that the worker is employed reaches 6 months a worker is offered a permanent contract.</del>
<b>Guidance:</b> The contract safeguards the workers from loss of pay in the case of illness, disability and accident. It must include duration of contract, hours/day per week worked, job description, wage level, wage deductions, notice period, detail on in-kind benefits, responsibilities of employer and employee, and includes explanation on grievance procedure.	

Contracts need to be in a language the worker understands or a translation needs to be provided to worker and signature obtained. Where applicable, a verbal translation can be provided by the elected worker representative.  
Best practice is when written contract of employment is provided to workers even if they are employed for one day or for less than 6 consecutive days.

## Written feedback

### Do you agree with the proposed change?



Out of 36 respondents, 12 (33%) strongly agreed, and further suggested to ensure that records of workers are checked thoroughly and that all workers would achieve the same benefits and labour conditions like permanent workers.

10 (28%) respondents partially agreed. A producer from India indicated that temporary employment and conditions of employment are governed by Plantation labour act, thus all new workers joining employment are recruited straight away as permanent workers in rolls with all the stipulated benefits. The delay could be caused due to unavailable information from worker (Adhaar Card (Unique ID), proof of address, age etc) which takes time to resolve, therefore some leverage is required to address this bottleneck. The respondents from Europe (processor, manufacturer, retailer, importer, NFO, NGO) agreed with overall intention and that this would encourage companies to employ more long-term workers. However, feasibility to be aligned with producer reality because the requirement seem impossible due to the seasonality of tea, meaning temporary workers are commonly employed only for 0-6 months to cover seasonal requirements in any given year. Further suggestions are:

- improve wording so that employers do not manipulate number of days they hire a particular person with purpose to avoid providing permanent contract.
- allow some flexibility and set one month or 18 days as a threshold;
- require the contract to be written not only in language understood by workers but also in simple words that avoid complex terminologies;
- for auditors to rather check if workers are aware of what was communicated in the contract, instead of their signatures;
- the worker representative to look into wording/text to ensure minimum requirements on employment terms & conditions in region;
- sick leave and maternity conditions seem to be missing here;
- provident funds, housing, and maternity pay to be provided to temporary workers (NGO).
- develop regional guidance that takes into account seasonality in the different tea origins, so that the maximum appropriate timeframe for seasonal agricultural work during the peak season could be applied or stipulate the min. provisions that all temporary contracts should

include, so that this cannot be avoided through the employment of any temporary worker regardless of the duration of work;

13(36%) respondents disagreed with the proposed change. Producers from India, Kenya and Rwanda further indicated that issuing the contract to temporary workers could be acceptable, however the proposal on issuing a permanent contract after 2 years is not feasible or in some cases not legal. Further it was clarified that absenteeism rate among the permanent workers sometimes may go up to 40% and in such cases temporary workers need to be hired and this is not done on a regular basis (Indian producers). Also for temporary workers it may not be necessarily an attractive option, because they would also want work in hotels in cities or spend time for cultivating paddy or vegetables etc. Respondents also highlighted that the assumption of the proposed change is that the temporary worker is seeking a permanent employment, which is not always the case. Following the proposed change, by end of 5-6 years all workers would have to become permanent and be provided with all benefits including housing, with high absenteeism rate this will only worsen the situation. Further arguments and suggestions from producers and respondents from Europe are:

- if permanent contract implies a permanent post, then this is not justifiable;
- recommend: a contract letter to temporary workers who work 6 months with uninterrupted services;
- all forms of temporary or casual employment on the tea estates is conducted as per established industry practice and is accepted by the worker's Union – with a fixed number of workers that have to be employed based on the plantation area, thus legally plantations don't have to employ above this number;
- the New Labour codes in India have already provided a framework on temporary workers;
- the contract can be 1, 2 or 3 months depending on the work available otherwise if there is no work to be done it does not make sense to employ a worker;
- proposed suggestion could be economically challenging for producers, it would be more valuable to look at the benefits for both temp and permanent workers re their access to union etc.;
- it would restrict companies' flexibility and increase irregular hiring;

1 (3%) respondent found this irrelevant.

## Topic 2. Gender Based Violence (GBV) remediation

In the 1st round, the majority of the respondents agreed with the proposal to introduce two new requirements to not tolerate Gender Based Violence and other forms of harassment and to have a gender policy in place (see 'Other Changes'). Further suggestions were to improve wording of requirements, e.g. to correct/broaden the language of GBV requirement, so that different forms of harassment are in the scope (i.e. not only 'sexual' harassment) and ensure guidance provides more practical, action oriented approach that ensures gender policy does not stay on paper but is implemented throughout the organization. Therefore, the proposal below is to further support the approach on activities, such as withdrawal and prevention, in case GBV case is identified.

It is important to note that guidance of requirement 'No tolerance of Gender Based Violence and other forms of harassment' that got endorsed in the 1st consultation round, already included reference to remediation activities that would need to be carried out in case GBV cases are identified, and stated the following:

*When GBV cases are identified the organization is expected to: a) provide safety to the reporting party (e.g. no job loss, threatening or penalty) and b) to safely remediate impacted persons. This includes ensuring the prolonged safety of the individual (s), implementing relevant policies, procedures and monitoring to prevent GBV and other forms of harassment.*

However, to ensure that compliance with remediation activities is required and fulfilled, the suggestion is to further introduce a stand-alone requirement on GBV remediation activities and procedures.

### The proposal aims at:

- introducing a new requirement on remediation, should GBV cases be identified, requiring companies to follow the procedures in place to ensure safe withdrawal and continuous monitoring to prevent GBV.

There is one change proposed in this section.

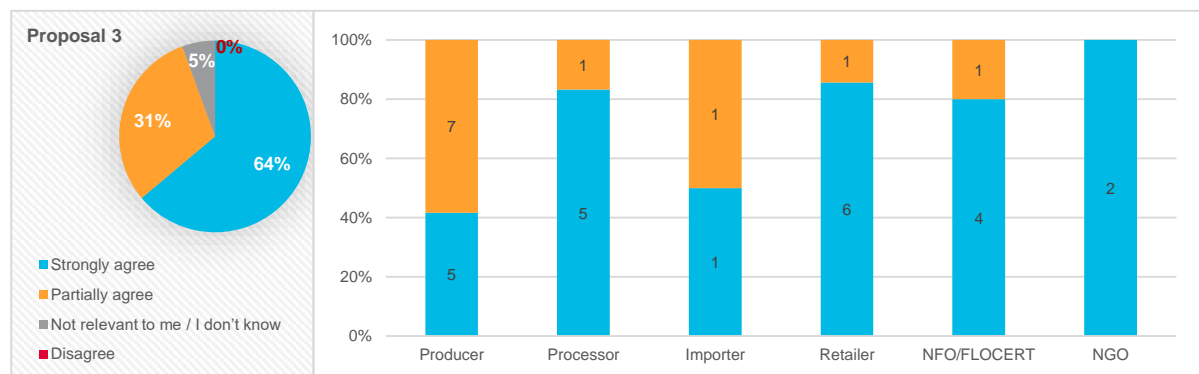
### Proposal 3: Introduce a new Core/Year 0 requirement that requires that company remediate if Gender Based Violence case is identified.

#### NEW Remediation in case GBV is identified

<b>Applies to:</b>	Companies
<b>Core</b>	Your safely remedy all forms of gender based violence and harassment.
<b>Year 0</b>	This includes ensuring prolonged safety of the impacted individual (s) implementing relevant policies, procedures, projects, monitoring and response systems to prevent GBV and other forms of harassment from occurring.
<p><b>Guidance:</b> The remediation includes withdrawal and prevention.</p> <p>If GBV is identified, then a rights based approach is used, to remediate the persons experiencing gender based violence and ensure that violence is not pushed elsewhere.</p> <p>You also have a written and ratified “no gender based violence or other forms of harassment” policy, procedures and monitoring and response system.</p> <p>Your policy can address the issue individually or be linked to a broader policy against exploitation, abuse, violence or neglect.</p> <p>Best practice is that the organization builds its capacity to understand child labour, forced labour, gender based violence and other forms of violence and strengthen its capability to ensure that such harm is eliminated. Where this is not possible it is recommended to seek the support of local expert rights based organisations to provide the organization assistance in eliminating such.</p> <p><b>Prolonged safety</b> means keeping the impacted person/s free from risk of or actual harm or danger.</p> <p>It is recommended that companies seek the support of rights based organizations to ensure safe remediation and effective prevention.</p>	

#### Written feedback

#### Do you agree with the proposed change to introduce a requirement on Gender Based Violence remediation?



Out of 36 respondents, 23(64%) strongly agreed including producers from Africa and Middle East region and Sri Lanka, who further highlighted the importance for standard (requirement) to have a clear focus in GBV and its remediation. The importer from Europe further emphasized that there should be infrastructure in place to support remediation actions where needed, since it would be a Core/Year 0 requirement. Similar point was made by the certification body indicating importance to require the capacity building activities for workers to enable the process and environment for reporting.

The NGOs feedback drew attention to the complex wording of requirement that may not be easy understood, e.g. “rights based approach”, “monitoring and response system” and what “projects” estates to implement; to the need providing examples who at the estate level to be responsible for monitoring and remediation and who is accountable for policy and its implementation as well as ensuring clarity in requirements on provision of trainings for workers and their supervisors to raise awareness on what constitutes sexual harassment and why this is not acceptable.

11 (31%) respondents partially agreed and included a number of respondents from producer organizations in India and Africa and Middle East region who agrees to take all steps in this regard which is within their jurisdiction adding that any form of violence is also a police matter where criminal law would come into effect and strongly recommending for this requirement to define the scope as 'workplace' and not anything to do at the domestic level, which would not be possible to manage by management representatives. Also, suggested risk mitigation systems and the other mechanisms are suitable at the level of corporate approach and may not work in a rural environment. Their further suggestions for consideration are:

- following introduction of this requirement, cognisance must be taken of cases where Government infrastructure is inadequate to support the required remedial measures especially in serious GBV cases. This could be an example where FP should be allowed for use, to facilitate the remedial measures;
- GBV should be rather addressed through compulsory awareness building exercises/ activities at the expense of premium use towards GBV with participation of professional NGO's that work in this field.

The respondents representing trader organizations in Europe highlighted that overall GBV issue is rather global and not every organisation could tackle by implementing standards therefore capacity needs to be increased and strengthened. Thus to enable this process suggestion is that organizations exchange with or hire of experts of NGOs, e.g the employer to allow NGOs to work on the compound and enable access for NGOs to workers during working hours.

Respondents representing NFO/FLOCERT group recommended to consider this requirement to be a development requirement, or ensure that there is a sufficient support from PNs to ensure this is manageable for producers.

2 (6%) respondents found this to be not relevant to them.

### Topic 3. Terms and conditions of employment

#### 3.1 Minimum wage for tea sector

As a follow up of 1<sup>st</sup> round feedback analysis, more desk research and dialogues with local experts were carried out to better understand the opportunities to improve the approach proposed in the 1st round. We accept that using a single World Bank Poverty line for some countries, e.g. a country the size and diversity of India, may be complicated to implement. However, not using a common Floor Wage as a benchmark, would require another more fitting benchmark to be elected in order to deal with the issue like in India, where approximately 30,000 workers in Fairtrade certified tea estates in North East India earn less than the World Bank Poverty line. Applying the Floor Wages as a benchmark for analysis of daily wages paid in other Fairtrade tea producing regions, showed that currently paid wages on tea plantations are not below the World Bank Poverty line, except for North East India and Bangladesh.

Since wage setting in North East India tea sector has been ineffective to lift workers from severe poverty and a solution is not imminent, we propose that requirement 3.5.1 in HL standard is implemented with more explicit reference regarding the term 'similar occupations'. In North-East India, the minimum wage for similar occupations is the legislated minimum wage for unskilled agricultural labour. The minimum wage for similar occupations will be applied until such time that minimum wages in India for Assam and West-Bengal tea sectors are legislated. The cash daily income of workers is the amount accepted for compliance with the official minimum wage for similar occupations.

Thus the 3.5.1 requirement therefore remains suitable and is also in line with recent changes in the area of labour legislations in India that were introduced since the end of 2019. In Bangladesh, the minimum wage rates are set on an industry basis and also refer to unskilled and semi-skilled labourers, however the wages rates are currently not available for open access.

While setting a higher bar for plantations to improve cash wages paid to workers, Fairtrade understands the need to support in the processes for sector dialogue across different origins that bring further changes on improvement of workers living conditions.

#### **The proposals aim to:**

- reinforce the existing clause that would help to lift wages, targeting the tea growing regions with existing barriers to raising wages such as complex wage-setting processes, unfruitful collective bargaining, and absence of adequate legal minimum wages.
- refer to the average value of minimum wage for unskilled agricultural labour which is set in Assam and in West-Bengal and to be applied as long as a minimum wage for the sector has not been formally legislated.
- consider a step-by-step approach for implementation of daily wages in Assam and West-Bengal.

There are two proposals in this section.

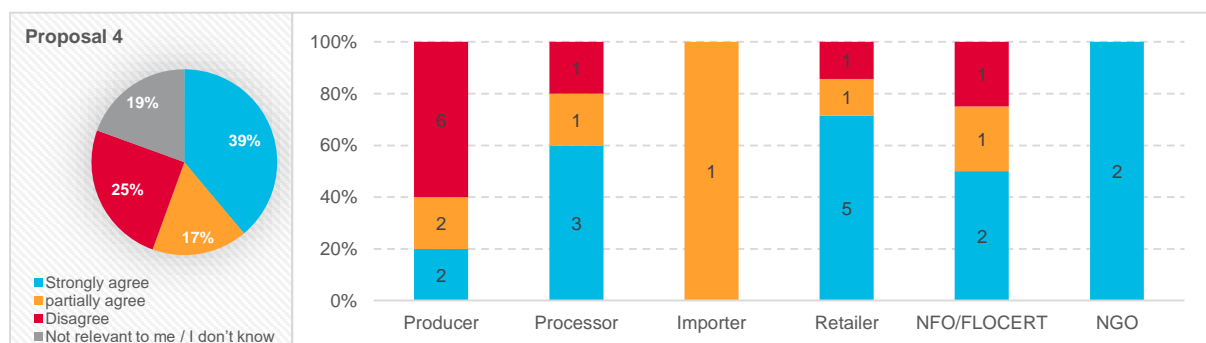
**Proposal 4: to modify the guidance of existing requirement 3.5.1 in HL standard to enforce Fairtrade approach on applicable wages and facilitate wages improvement which is in line with wages rates set by national labour regulations in Fairtrade tea producing countries**

**3.5.1 Wages and conditions of employment**

<b>Core</b>	Your company sets wages for workers and other conditions of employment according to legal or CBA regulations where they exist, or at regional average wages or at official minimum wages for similar occupations; <b>whichever is the highest</b> , with the intention of continually increasing salaries ( <a href="#">see 3.5.4</a> ).
<b>Year 0</b>	Your company specifies wages for all employee functions and employment terms, such as piecework.
<p><b>Guidance:</b> National laws and applicable CBA terms need to be complied with especially if they exceed this Standard. However, this Standard applies if it goes beyond those laws and terms.</p> <p>In North-East India, the minimum wage for similar occupations is the legislated minimum wage for unskilled agricultural labour. The agricultural minimum wages for Assam and West-Bengal (-without food) will be averaged to arrive at a single daily rate for NEI.</p>	

**Written feedback**

**Do you agree with the proposed change?**



Out of 36 respondents, 14 (39%) strongly agreed. Trader from Europe further clarified that mainly agreed with the intention to improve workers' cash wages in North-East India tea sector, however expressed concerns how this would be achieved given low sales of tea on Fairtrade terms. Representative of NFO suggested to go beyond the intention to increase wages and set this as objective, e.g. requiring a commitment plan to define how to increase wages further (e.g. within next 6 years). An NGO representative expressed necessity to make it explicit in the requirement is about 'cash' wages and agreed with the concept for NEI to first bring wages at/above world bank poverty line, as a first step. Further strong recommendation is that any requirements that stipulate to pay better wages should be accompanied by strong advocacy around these issue to the appropriate bodies - governments and buying companies. An NGO from Asia and Pacific region highlighted that there should be better clarity and visibility about improved wages overtime to close the gap with a living wage.

6 (17%) respondents partially agreed. Further producer organizations in India mentioned that overall they honour aspiration of workers to earn more however given the current existing agreements (i.e. CBA agreed with Trade Unions, state government and producers) this would only be possible when generated revenue allows enhanced pay. Further suggesting that producers however must encourage workers to earn more in productivity linked model. A producer organization from South India highlighted on the fixed procedure existing in whole region that applies to all organizations irrespectively whether they are certified or not, e.g. when every 3 years CBA is reviewed and agreed between Labour Unions, management association and government (additionally, dearness allowance is adjusted every 3 months). An importer from Europe while agreeing with the principle of raising wages, could not agree

to proposal that would put India origins at disadvantage to other origins, and could lead to migration of Fairtrade sales away leaving workers without opportunity for getting their benefits through Fairtrade and suggested a more tailored approach for India. Another trader from Europe mentioned that if buyers would like to ensure increased wages to workers, they should be ready to start paying better prices therefore providing more transparency on how retail prices are calculated would bring more fairness into supply chain.

9 (25%) respondents disagreed. Producer organization representatives specified that tea industry workers and Unions are very important part of the Local Government/ Political Parties and are main component when it comes to establishing rules and regulations in the industry. A producer organization alone cannot set any rule and regulations, for which PLA has been established. If at any point of time government issues any notification of wage rate for Tea workers, then HL organizations would stick with that. Otherwise paying higher wages than other gardens, would bring disturbance on other gardens, because producer organizations are part of industry which is governed by set of rules from Industry and Government bodies. Also, introducing any change would throw an organization out of the association, leaving this organization without any help or assistance from the government or associations, when needed. As explained, no tea company who is a signatory to the CBA is free to set their own wages outside of this structure, nor is any party other than those involved in the CBA allowed to set the wages for the tea estates in any manner. Government of India is shortly introducing a new code of wages based on minimum wage thus it's recommended to wait for National Minimum Wage to be declared.

Traders from European region mentioned that overall they would like to see cash wages in Assam increased, however producers can not be forced to do this following the proposed approach. e.g. taking the agricultural minimum wage without food does not seem a correct approach, as workers living on plantations receive food rations as part of their in-kind benefits and the wage of 282.38 INR per day for unskilled tea plantation workers in Assam (<https://paycheck.in/salary/minimumwages/14054-assam/14553-tea-plantations>) does not account for those workers receiving benefits in-kind, as is common practice. Therefore, the cost of providing in-kind benefits must be deducted from the daily cash wage accordingly, or else Fairtrade runs the risk of making Fairtrade production unviable. The recommendation is that Fairtrade reviews the approach to ensure that the inclusion of in-kind benefits can be properly reflected in these proposals. To conclude, the strong concern is that these proposals are more likely to force producers out of the Fairtrade system than work to address the issue.

An NFO representative suggested to follow the similar approach as in Flower/Fresh Fruit standards, requiring a clear roadmap to be developed with worker representatives so that annual wage increases towards Living Wages.

7 (19%) respondents found this topic not relevant to them.

**Proposal 5. to consult on two options for gradual increase of paid wages, that would reach the minimum legislated wage for unskilled agricultural labour set for tea sector in Assam and West-Bengal**

**Option 1:**

- after 1<sup>st</sup> year starting from the applicability date of revised Tea HL standard, daily paid cash wage is increased to reach 80% of 270 INR per day, the legislated minimum wage for unskilled agricultural labour.
- by end of the 2nd year starting from the applicability date of revised Tea HL standard, the full cash wage of 270 INR per day is paid.

**Option 2:**



**FAIRTRADE**  
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[Back to table of contents](#)

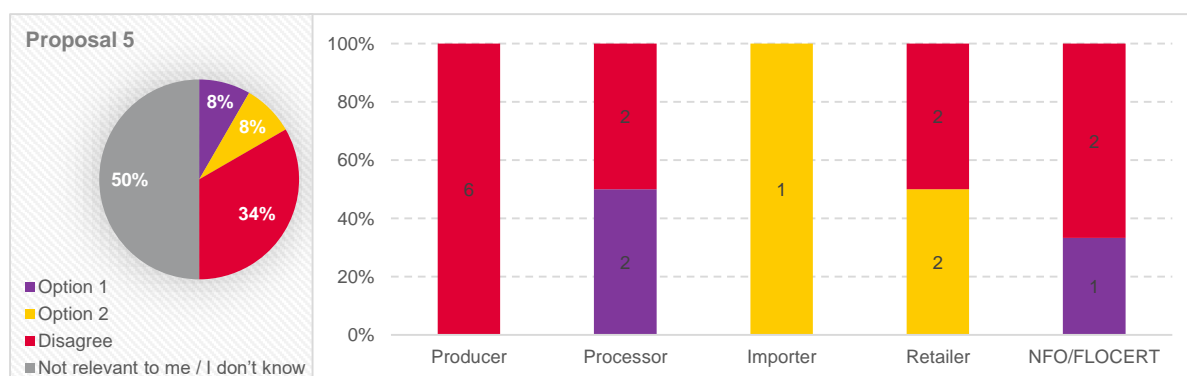
- after 1<sup>st</sup> year starting from the applicability date of revised Tea HL standard, daily paid cash wage is increased by the 50% of the gap between the current paid wage and the legislated minimum wage for unskilled agricultural labour (270 INR per day)

	Currently paid wage, INR / day	legislated minimum wage for unskilled agricultural labour, INR / day	difference / total gap, INR/ day	after 1st year of standard implementation	
				gap to close INR/day	daily cash wage to pay, INR/day
Assam North	167	270	103	51	218 (167+51)
Assam South	145	270	125	62	207 (145+62)
West Bengal	176	270	94	47	223 (176+47)

- by end of the 2nd year starting from the applicability date of revised Tea HL standard, the full cash wage of 270 INR per day is paid

## Written feedback

### Which of the proposed options are you in favour?



Out of 36 respondents, 3 (9%) selected Option 1, and other 3 (9%) preferred option 2 explaining that overall agreed with idea of a phased approach. However as per above question in India (and other origins) its key that this is sustainable for producers, and manufacturers, especially where consumers are not prepared to purchase Fairtrade at an increased prices vs other certification/label options in the market. The value of in kind benefits needs to be taken into account for assessments against vs World Bank Poverty Lines. This must be done for fairness vs other agricultural sectors and other tea growing origins.

11 (32%) respondents did not agree to any proposed options. Their arguments are listed below:

- provided min. wage values to be balanced by a minimum price on the other hand, or the possibility to allow buyers to contribute, e.g. a retailer could transfer funds for direct payment apart from the premium (Trader, Europe);
- tea industry in India does not fall under agricultural sector, thus it's not justifiable to compare wage from agricultural sector.
- if Fairtrade intends to further improve workers' life, traders using the label have to pay higher FP based on percentage of their selling price (Producer, India);
- it is against established practice for wage setting and encroaching on the domain of the government authorities (Producer, India)

Further a respondent from producer organization provided an explanation how current wage is paid, highlighting that 270 INR is a cash lump sum of other social securities / incentives / benefits.

Following the structure below, currently a daily wage amount of 325 INR is paid which is already over and above the figure of 270 INR.

*“Over and above the daily wage, a tea worker is also paid incentives for 6 months that range between 20-25% of their daily wage. Furthermore, a Bonus amount of 20% is provided to them once a year based on these annual earnings. Social security such a Provident Fund (12.50%) and Gratuity is also given to workers. Please note, that this is over and above the fringe benefits (medical, housing etc.) that is provided”.*

Therefore, the overall recommendation is not to advocate any change in wage structure until the federal government of India announces the implementation of Code of Wages which will be binding for all producers.

Feedback from traders in Europe indicates that this requirement will not be feasible for producers, will increase costs, and may risk them withdrawing from the system. Traders have also flagged that this violates and undermines the collective bargaining process.

A representative from NFO mentioned that it is not acceptable when a local minimum wage has not been reached, and further recommended not to provide concrete figures but rather formulate requirement in more general terms and require a clear roadmap to reach LW.

17 (50%) respondents found this topic not relevant to them.

### 3.2 Housing and sanitation

The current HL requirement 3.5.28 on housing stipulates that if company is providing housing for workers, the company ensures safety, decency, privacy, security and hygiene. Fairtrade understands that housing workers on-site can be costly. However, if housing does not meet standards of decency not only basic human rights of workers and their families are affected, but hired labour organizations also expose themselves and Fairtrade to considerable reputational risks.

In the 1st round consultation on housing requirement, stakeholders recommended to: further define terms and make them measurable (e.g. decent / reasonable / acceptable etc), to set timelines, add clarity, decouple standard from national law/regional norms on this topic, separate out the required terms for housing quality from those on sanitary facilities, improve guidance and ensure that improved conditions are not done at the expense of Fairtrade Premium because this has to be under the estate management's responsibility.

Also, it is important to consider that the requirement specifically addresses compliance with related national legislation and that it is considered a high risk if this is not ensured as of Year 0.

Further to this, number of stakeholders mentioned that since housing is required by National legislation, it is therefore provided in accordance with required quality. The timeline for requirement on housing assessment and improvement was strongly recommended to be revised to allow a step-by-step implementation and clearer guidance in terms of responsibilities.

#### The proposals aim at:

- to ensuring that the highest level of housing quality provision is achieved for workers;
- clarity on housing and sanitary quality required at a minimum;
- timelines and responsibilities for carrying out housing and sanitary facility quality assessment;

There are three changes proposed

**Proposal 6: to modify existing Core/Year 3 requirement 3.5.28, and split it into two Core/Year 0 requirements clarifying on acceptable levels of housing and sanitary facilities quality**

#### Worker housing

<b>Applies to:</b>	Companies
<b>Core</b>	If your company provides housing for permanent, migrant, seasonal/temporary or former workers, <del>it is such as to ensure structural safety and reasonable levels of decency, privacy, security and hygiene, and includes regular upkeep and improvement of housing and related communal facilities. If sanitary facilities are shared, a</del>
<b>Year 3</b>	



<p><b>Year 0</b></p>	<p>reasonable number of toilets and bathing facilities with clean water, per number of users, and according to regional practice, <b>are available</b>.</p> <p>the houses are regularly maintained and improved, and houses area is clearly marked to indicate what is in the scope of provision by plantation, and the following is ensured:</p> <ul style="list-style-type: none"> <li>• houses are located in areas that are free of hazards and houses structure provides protection against typical (heat, cold, rain, wind, damp) and extreme weather conditions, as well as protection against vermin and insects, with solid permanent walls, sealed and dry floors; non-leaking roofs, windows and doors.</li> <li>• houses have natural and artificial light,</li> <li>• cooking facilities with smoke ventilation, toilet and washing facilities, and access to water that is suitable for drinking and eating.</li> <li>• doors that can be locked,</li> <li>• marked fire exits and firefighting equipment with instructions,</li> <li>• safe electric installations,</li> <li>• well-functioning sewage and garbage disposal systems</li> </ul> <p>If your company charges rent for housing it <b>is</b> according to local averages. If your company provides the majority of general workers with basic housing, for free, you <b>compensate</b> workers who are not able to receive free housing with an allowance that will enable them to afford to rent a house of the same standard. Workers have the freedom to be able to choose if they want to be housed on the farm or not.</p> <p>National or state regulation <b>is complied with</b> in all cases and regional norms should be considered <b>if they exceed this requirement</b>.</p>
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**Guidance:** Housing should only be provided for workers where farms are located far from normal centres of population, is not available in sufficient quantity, or where the nature of the employment requires that the worker should be available at short notice. The requirement and guidance are based on international labour standards.

The area where houses are provided by the organization is clearly marked to distinguish from extended (or unauthorised) construction that is not in the scope of provision by plantation and was added by workers.

Guiding principles for adequate and decent housing to provide a suitable living environment for workers should aim to ensure:

**For family housing and dormitories**

- **Appropriate locations for the houses to avoid natural risks like floods, earthquakes and landslides**
- Enough natural light during the daytime and access to sufficient artificial light, to be able to read by;
- **Smoke emission channels** or ventilation that ensures sufficient movement of air in all conditions of weather and climate, and in the case where there is an interior fire for heating or cooking;
- A supply of safe potable water that is enough for drinking and eating requirements;
- Sanitary facilities that **provide privacy**, hygiene, and are sufficient in number, **at least one toilet and one shower per family**;
- **Laundry facilities, at least one per family**
- Drainage that ensures hygiene and avoids environmental pollution;
- Fire safety measures;
- Safe electrical installations where they exist.

**For dormitories (generally considered short term housing solutions):**

- Separate accommodation of the sexes;
- A separate bed for each worker;
- Adequate headroom, providing full and free movement;
- The minimum inside dimensions of a sleeping space should be at least 198 centimetres by 80 centimetres;
- Beds should not be arranged in tiers of more than two;
- Bedding and bedframe materials should be designed to deter vermin;
- Heating where appropriate;
- **Adequate furniture** for each worker to secure his or her belongings.
- **Sanitary facilities that provide privacy, hygiene, and are sufficient and appropriate for the number of workers present and facilities should be separated by gender;**

In order to meet workers' privacy needs, it is recommended management agrees with the workers on how their privacy requirements can be realised.

For further details on housing, please see the ILO Helpdesk Factsheet No. 6, 2009 on workers housing.

## NEW Washing and Sanitary facilities

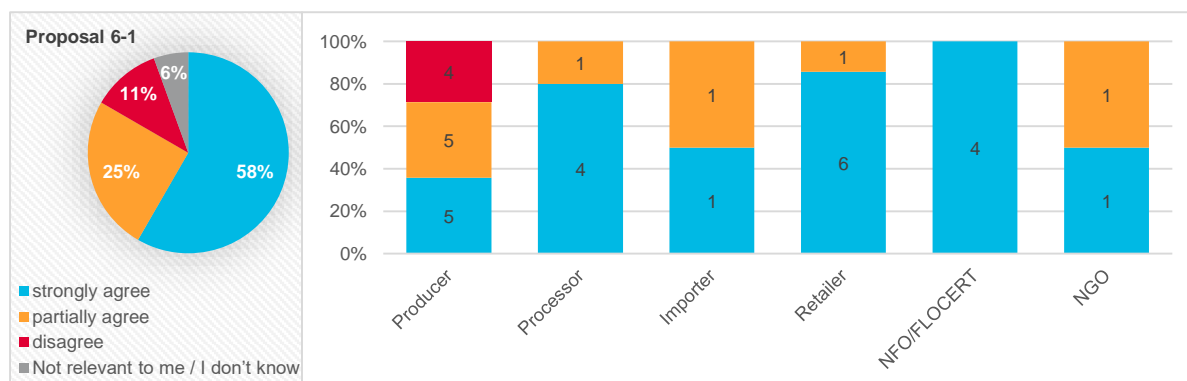
<b>Applies to:</b>	Companies
<b>Core</b>	If your company provides housing for permanent, migrant, seasonal/temporary or former workers, safe and hygienic washing and sanitary facilities are ensured:
<b>Year 0</b>	Sanitary facilities (toilets and bathrooms) are useable and provided with clean water and of a style that is in accordance with regional practices.
	Washing and sanitary facilities are kept safe and regularly cleaned
	National or state regulation <b>is complied with</b> in all cases and regional norms should be considered if they exceed this requirement.
<b>Guidance:</b>	For further details on housing, please see the ILO Helpdesk Factsheet No. 6, 2009 on workers housing.

## Written Feedback

### Proposal 6, Question1 Do you agree to split existing requirement on housing into stand-alone requirements on housing and sanitary & washing facilities?

Out of 36 respondents, 21 (58%) strongly agreed that overall splitting this requirement into two – adds clarity for producers as well as for auditors, specifically considering that washing and sanitary facility could also include the tea factory or tea fields. A respondent from an NGO in India suggested to have similar requirements for workers in SPO standard.

9 (25%) respondents partially agreed. Further, Indian producers highlighted the case with overlapping and/or contradicting elements of local regulations on housing with those required in Fairtrade standard. Any required elements that go beyond PLA in Assam could be considered only if funded through FP due to lack of funds at this stage. Other confirmed that such system is already in place and follows a step-by-step approach to maintain the housing facilities. Further a processor from India indicated that instead of making such requirement compulsory (Core) it should rather be focused on continuous improvement and monitoring. For example provision of furniture and fire extinguishers would be impossible with the current scenario thus recommended to allow at least 50% of FP to be allowed to cover expenses on housing infrastructure. A producer from Rwanda indicated such requirement would not be applicable as workers are not staying in houses on plantation.



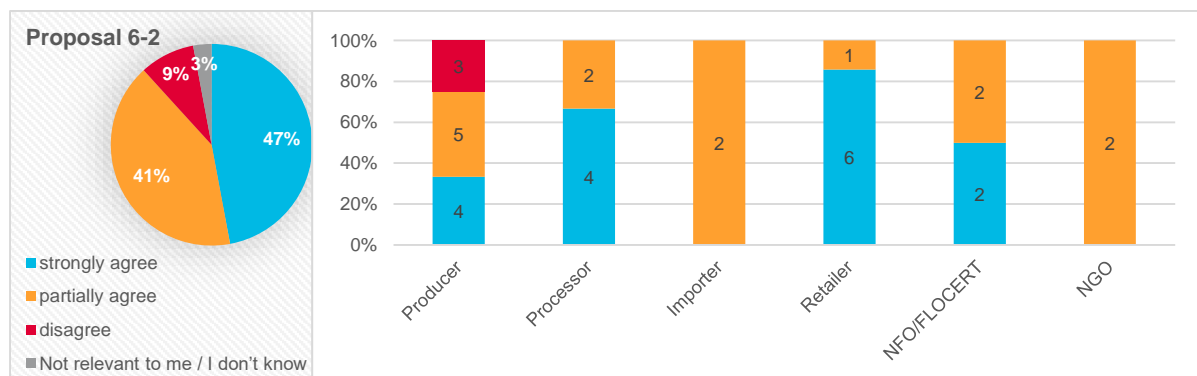
Respondents from Europe (retailer, NGO) highlighted that the costs for housing improvement must be accompanied by a requirement on price negotiation factoring in these costs for buyers (traders), and the costs to be shared by all actors in Fairtrade supply chain.

4 (11%) respondents did not agree. All feedback here comes from producer organizations in India, where respondents indicated that specific demand outlined for housing requirement is neither financially possible nor viable. For example, water supply in Darjeeling is particularly difficult due to water shortage and very remote water source, thus individual water connections in houses would not be possible. The same challenge is to provide fire fighting equipment in small individual houses (which is believed as not needed). Further the term “solid walls” could be misinterpreted by the auditor, while currently used construction material and condition of houses allows to withstand the conditions. Also the proposal/standard does not factor in that housing costs and needs increase over time because houses are not becoming vacant until the person gets retired.

To conclude, houses are repaired on continuous base as per requirement meeting the local and national standards. Overall, participants were of similar opinion that in lieu of recent developments in India when government is taking over the role and responsibility of providing housing and medicals to its citizens, Fairtrade standard must facilitate and not impose additional elements.

2 (6%) found this change not relevant to them.

**Proposal 6, Question 2: Do you agree with all elements defining decent housing quality outlined in the requirement on Housing?**



Out of 34 respondents 16 (47%) strongly agreed and further recommended to ensure this requirement is in line with the [Universal Declaration of Human Rights](#), [Guiding principles on business and human rights](#), [OECD Guidelines for Multinational enterprises](#). Another recommendation is to be explicit and refer to state employers responsibility for structural safety, pest control and fire safety.

14 (41%) respondents partially agreed further clarified the part they disagreed with:

- too short timeframe for implementation, which involves high costs, excludes a possibility for abandoned gardens to join Fairtrade; many of those changes demand long term planning, logistics, experience and investments e.g. functional sewage, garbage disposal, access to water involve government/infrastructure;
  - suggestion is to have different levels of Fairtrade labels, to differentiate organizations that are year 0 in certification and those that are year 15;
- provision of artificial lighting due to other factors beyond the organization control.
- provision of furniture and fire extinguisher availability should not be compulsory
- needs to be consulted if workers would like to see this investment and commercial viability;
- each family having their own toilet and bathroom may not be feasible or achievable;
- concern if possible to allow FP use on parts that are go beyond what is required by the standards and is beyond the PLA/legal obligations;
- more deference needs to be shown e.g. to national laws or under trade union agreements.



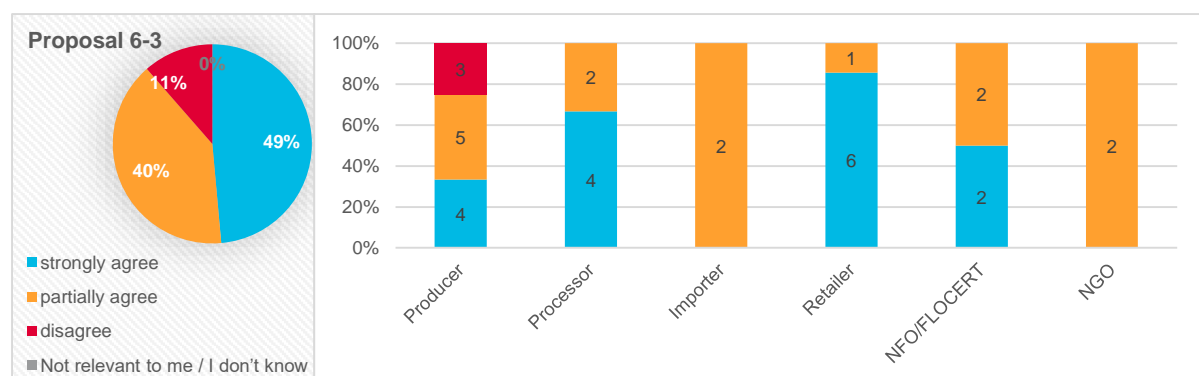
Recommendation to further strengthen:

- specify or include guidance that this includes provision of adequate fire fighting equipment and regular fire drills; often houses have only one door for exit;
- potable water should include a provision that it is regularly tested.
- Segregation of household waste should also be included
- mention number of rooms per person or the size of living space required.
- cooking facilities should be safe to protect from open-fire burns etc.

**3 (9%) respondents** disagreed stating that housing specs are put in place via agreements between industry and government, thus this requirement being a core does not allow a new applicant to enter into the system.

1 (3%) found this topic not relevant to them.

**Proposal 6, Question3: Do you agree with all elements in the requirement on Sanitary & Washing facilities?**



Out of 35 respondents 17 (49%) strongly agreed with the proposed change. Further a representative from an NGO in Europe expressed that wording in the previous section (for family accommodation and dormitories) should be revised accordingly (i.e not shower but appropriate to regional practices).

14 (40%) respondents partially agreed, indicating which part they disagreed:

- for every house to have washing facility e.g. laundry and showers is not practical (while for sanitary facility it is fine); washing facility should be common with the bathing facility;
- this should allow flexibility and change depending on a situation;
- replace 'cleaned' with 'maintained' if assumption is this facility referred to housing area;
- there needs to be a balance between provision of sanitary facilities from the company and realistic cultural use of such facilities;
- to be compatible in context with local laws;
- need a clarity on specified ratio between toilets/people, showers/changing rooms for men & women; suggestion is to mention a 'reasonable number of toilets with respect to the people hosted in the facilities';
- could be too challenging to provide laundry facilities for each worker's family, hence as long as these are available suggestion is to allow these to share;
- adequate sewage and garbage disposal systems should be included in the sanitation requirement;

4 (11%) disagreed, stating the according to the standard for Darjeeling area - each house already has a sanitation area (following soaking pit concept), therefore it is not possible to provide separate washing and laundry area. A producer from Africa and Middle east region stated it would be unrealistic to peg this per family with small family units (currently due to family units size it is shared).

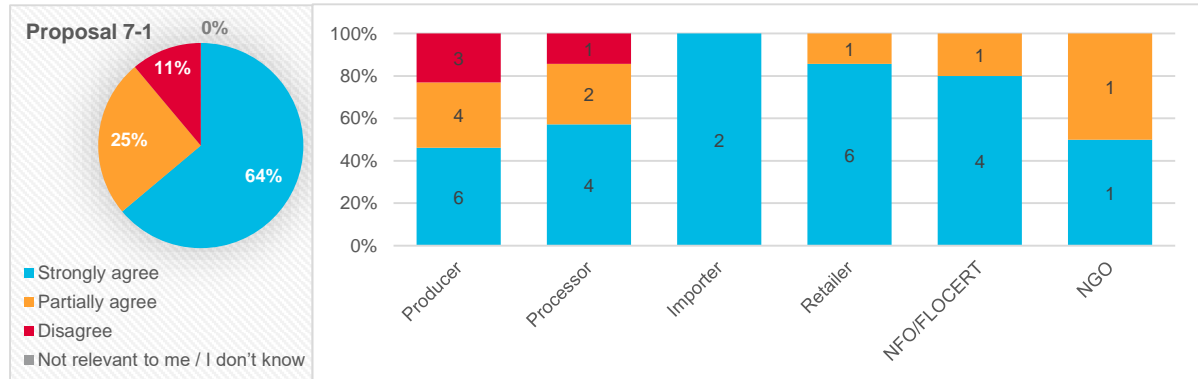
## Proposal 7. To introduce a Core/Year 1 requirement on regular housing assessment and improvement

### NEW. Regular assessment of housing, washing and sanitary facilities

<b>Applies to:</b> Companies	
<b>Core</b>	You complete a regular assessment of quality of housing, washing and sanitary facilities to maintain adequate quality and put in place an improvement plan when possible.
<b>Year 1</b>	<p>The assessment must include:</p> <ul style="list-style-type: none"> <li>• Date when assessment was carried out</li> <li>• Total number of houses that company is providing or responsible</li> <li>• A register of workers and their families living within the housing compounds</li> <li>• Number of houses that need to be built/repared</li> <li>• List of items that need to be built/repared</li> <li>• Timelines for implementation, which corresponds to the needs and urgency</li> <li>• Responsible person to check the improvements</li> <li>• Records of complaints from residents and corresponding activities</li> </ul> <p>The assessment is carried out <b>annually</b> and in written format is shared with the <i>Fairtrade Compliance Committee</i>.</p>
<p><b>Guidance:</b> Company appoints a person responsible for this task, for example H&amp;S officer.</p> <p>The assessment and improvement plan to be provided in written format to the Fairtrade Compliance Committee. The responsible person will carry out a regular assessment of conditions of housing and sanitary facilities in relation to quality required either by Fairtrade standard or National legislation.</p> <p>Once an issue is identified, management are compelled to take action within a reasonable period to rectify this (e.g. 3 months).</p> <p>The assessment items may include:</p> <ul style="list-style-type: none"> <li>• Adequate space (overcrowding/sharing)</li> <li>• Effectiveness of chimneys and cooking facilities;</li> <li>• Conditions of toilets and bathrooms;</li> <li>• Lighting within the houses / condition of electric installations;</li> <li>• Water supply, proximity and quality</li> <li>• General conditions, such as: leakages, paint work, doors/windows quality</li> <li>• Fire safety facilities and instructions</li> <li>• condition of sewage and garbage disposal systems</li> </ul> <p>The improvement plan may include:</p> <ul style="list-style-type: none"> <li>• Increased number of shared washing or sanitary facilities per person or family</li> <li>• Improved proximity / access of drinking water (e.g. available for each house)</li> </ul>	

## Written Feedback

## Do you agree to introduce a Core/Year 1 requirement on regular assessment of housing, washing and sanitary facilities?



Out of 36 respondents, 23 (64%) strongly agreed with proposed change. Further producer from Africa and Middle East mentioned that this assessment will provide information for continuous improvement. Traders from Europe mentioned that there needs to be a process for internal assessment/audit of the adequacy of provided facilities that are in line with local laws where applicable. Further suggestions from representatives of NFOs are to find an outcome based approach for implementation of this requirements, to avoid this to be a 'box ticking' exercise. Therefore, requirement should include the statement that once an issue is identified, the management should take reasonable actions within a reasonable amount of time.

9 (25%) respondents partially agreed explaining that this should be set as per the PLA/applicable state law (producer, India). Other respondent specified that such system already exists in place and in case of any issues related to the quality those are addressed at the works committee meetings. A processor from India mentioned that such improvements require long term plan to come up with an ideal housing system. While another respondent from India stated that Fairtrade should reduce the number of reports and plans that companies are required to maintain and overall, to rather simplify the whole process. Traders from Europe were in agreement that such change is approached in a pragmatic way within the limits of local laws and union agreements.

A suggestion from an NFO representative is to fix the regularity for such assessments to 'at least once a year' with a mechanism in place when a worker can notify the responsible person directly at any time if serious issues/emergencies occur which would have to be rectified at latest within 4 weeks. While an NGO representative recommended that a community representative should be part of the team that carries out an assessment to align with workers' views on conditions of facilities and prioritization of repairing plans and that this requirement to be applicable as of Year 0.

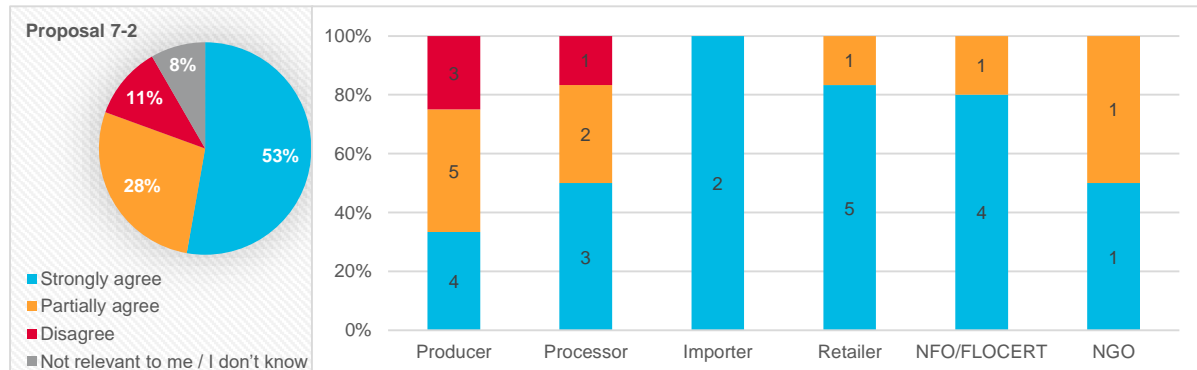
4 (11%) respondents disagreed because they find this requirement only adds more bureaucracy, and this is too much emphasizing that a maximum improvement is expected to provide while for the organizations it creates a financial burden and increased pressure from workers and unions that may eventually lead to the garden being shut down. Finally, this requirement is not resolving the problem when a retired worker continues to live in the house and organization has to build additional houses for the next appointee.



**FAIRTRADE**  
INTERNATIONAL

[Back to table of contents](#)

### Do you agree that this assessment to be carried out annually by the appointed responsible person?



Out of 36 respondents, 19(53%) strongly agreed. Further recommendation is that Fairtrade provides training and guidance to enable producers to set this up in way that meets the standards requirements but in an efficient manner that is feasible for producers.

10 (28%) respondents partially agreed. Producer representatives suggested to fix it to 2 or 3 years, because repairing work is done throughout the year based on the incoming complaint with submission to the Welfare Officer and basic structures and conditions would not change within a year. Also house census is done every year and this overlap would add complications and challenges. While a representative of Processor from India agreed on the timeline but disagreed to submit this report to Fairtrade compliance committee. Traders from Europe specified that local laws and union agreements have to be taken into account. An NFO representative recommended to require a more frequent assessment and have a mechanism in place when a worker can report the issue.

4 (11%) respondents disagreed highlighting this would contradict or duplicate an existing system in place

3 (8%) respondents found this topic not relevant.

### 3.3 Freedom of Association and Collective Bargaining

In the first consultation round stakeholders expressed concerns in relation to the scope and limitations of NGOs activities on premises of plantations. One of the suggestions was to modify the text of requirement so that it is checked reactively in the audit.

Apart from the existing trade union organizations, Human Rights / Labour Rights NGOs could also be an effective resource for workers - providing services to workers for capacity building and worker education on and rights in the workplace.

Therefore, the scope and limitations of NGOs activities could be clarified in the request that is sent to the management of the estate. For example, a specialized Human/Labour Rights NGOs could help to educate workers on how to best organize themselves in trade unions, or other worker committees, engage in social dialogue and negotiate with their employer on terms and conditions of employment and housing.

The proposed requirement would be built on and expand the Core/Year 0 requirement in the HL standard, allowing trade union representatives to meet with workers. Also this change would be even more relevant in places, where Trade Union activities and representation are impaired.

#### The proposal aims at:

- introducing a new requirement, that would be checked reactively in case the request or notification for Human Rights / Labour Rights NGOs to meet with workers was denied and introduce clarification in the guidance on the cases when a notification is not needed;

There was one change proposed on this topic.

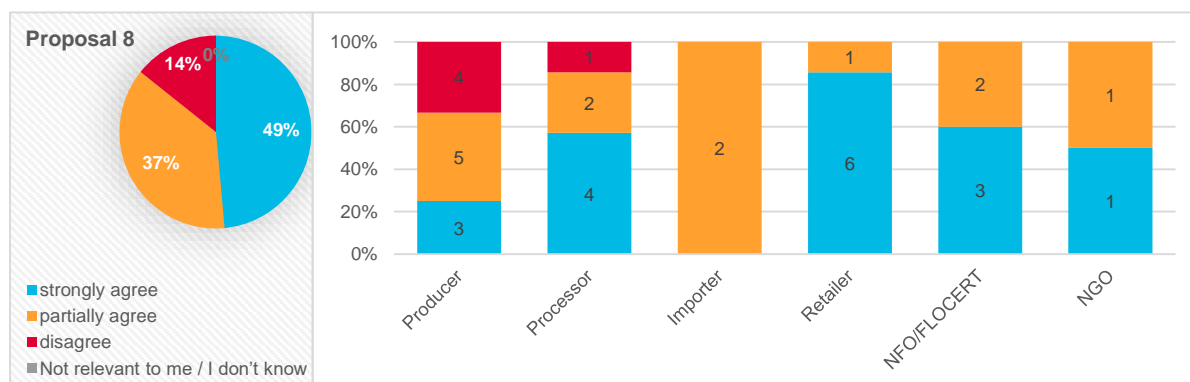
### Proposal 8 to introduce a new reactive requirement, that allows to react in case the notification coming from Human Rights/Labour Rights NGOs to meet with workers was denied

### NEW. Access for workers to meet Human Rights / Labour Rights NGO

<b>Applies to:</b>	Companies
<b>Core Year 0</b>	<p>Your company allows workers and plantation residents, following their notification, to meet with Human Rights / Labour Rights NGO representatives in the workplace order to inform them on their rights at an agreed time, in order to be informed on their rights .and place.</p> <p>Times and locations proposed for these and locations of these agreed meetings are reasonable and management does not interfere in any way with, or conduct any surveillance of these meetings.</p> <p>The meetings shall not undermine existing activities of elected trade unions, which is a matter for determination by the unions. Unions do not need to grant permission beforehand.</p>
<p><b>Guidance:</b> If the company has any concerns, they engage in dialogue with the workers to address those concerns in order to make the meeting with the NGO possible.</p> <p>Meetings of non-residents of the plantation invited by residents, which are held in the direct vicinity of estate housing outside of working hours do not require notification. The employer shall ensure that they can take place without interference or surveillance.</p>	

### Written Feedback

#### Do you agree with the proposed new requirement and addition of clarification?



Out of 35 respondents, 17 (49%) strongly agreed and mentioned that such meetings would help improving workers' knowledge about their rights.

13 (37%) respondents partially agreed. Further producers from India indicated that in Assam for any NGO/external agency to visit the tea estates the permission has to be provided by the district administration, prior to the visit as well as permission from management of the estate and union. This procedure is put in place to ensure that any agency with political agendas would not enter the estates/workforce to form unrest with a political motive. A producer from Africa and Middle east mention that there is a need to curb on the possibility of incitement. Some factors should be taken into account for the wording of the Standard and made workable for Producers, otherwise this requirement could have serious other unintentional consequences at producer level with regards to security, political unrest and compliance to local rules/requirements. Recommendation from NFO is that a requirement is re worded, so it is stronger to ensure access is guaranteed. The concern is about auditing procedure in practice, suggesting to have an external mechanism for reporting where there are allegations that access has been denied.

5 (14%) respondents disagreed with all the feedback with further clarifications from producer organizations: This would invite disturbance in the estate because some topics are sensitive with Local Administration e.g. Union that would not allow any outsider address. Further they clarified that

currently there is always a good system in place to address the issues and inviting NGOs/human right activities will be of great concern. The government has a Labour department to cover this area and regular inspections by Inspector of Plantations/Factories/Plantation Medical Officer inspects and addresses to any grievances addressed by the workers. Tea workers are well protected as they belong to different trade unions which may lead to conflict between TUs and NGO's. NGO's often are not responsible to maintain discipline at tea estates and can agonise workmen for no reasons.

## Topic 4. Fairtrade Premium Management

### 4.1 Sustainability margin (SM)

Fairtrade Standards require that the workers are the sole owners and beneficiaries of the Premium and should be empowered to decide how best to use Premium money in order to improve their livelihoods

Sustainability Margin was introduced in Tea HL standard and implies that 20% of Fairtrade Premium can go directly to the estate management (and not the Fairtrade Premium Committee) to support improvements in working conditions. Currently it is applicable only for conventional teas from the *Camellia* plant made using the CTC production method, and for conventional "fannings" and "dust" made using the orthodox production method.

Based on the outcome of the 1<sup>st</sup> round consultation, the "sustainability margin" as a concept until now was not meeting its objective fully. Some of the reasons are - it's limited scope (not applicable to all made teas / to organic) and lack of clarity on what activities Fairtrade Premium could be used by the management of the estate. When it comes to proportion, stakeholders' suggestions in 1<sup>st</sup> round consultation varied, from keeping same % or increasing it to 30% / 50% or to completely removing it from the standard. For the latter suggestion the reason is to bring back the rule where 100% of FP is managed by the FPC only. The proposed options in the 2<sup>nd</sup> round are reflecting these suggestions and inviting stakeholders to give further feedback.

#### The proposals aim at:

- consulting on options for changes, that would ensure a level playing field for all producer organizations setting equal grounds on use of Fairtrade premium through Fairtrade Premium Committee
- exploring details of the option on extension of the sustainability margin concept to all organization with a better clarity on FP use and scope of applicability. In particular, define rules on SM margin is to ensure its use is in line with Fairtrade principles on Premium use, through enabling a more balanced negotiation between Management and FPC how SM can be used.
- exploring a potential fixed period for one of the options to be applicable

**Proposal 9. Introduce changes to the sustainability margin concept, that ensure transparency and clarity to FPC and management of estates on FP use. The proposed two options explore what change would be most feasible to introduce and if we need to set any fixed timeline for the option with extended scope of sustainability margin.**

**Option 1:** the proportion of sustainability margin of Fairtrade Premium remains 20% and applies to all made teas, conventional and organic, in all regions and rules are further defined explaining on which tasks/activities it could be spent.

#### 2.1.4 Sustainability Margin

<b>Applies to:</b>	Companies
<b>Core</b>	<del>For conventional teas from the Camellia plant made using the CTC production method, and for conventional "fannings" and "dust" made using the orthodox production method only.</del>
<b>Year 0</b>	<p><del>Up to 20% of the Fairtrade Premium is can be to be</del> deducted from the Fairtrade Premium and paid to the estate. This amount is called the sustainability margin.</p> <p>The estate must use it to support improvements in working conditions as part of ongoing certification and compliance with Fairtrade Standards. Where applicable, split payment between the Fairtrade Premium paid to the Fairtrade Premium Committee (80%) and to the estate (20%) needs to be clearly documented, for example by two separate bank payments, or by invoicing the sustainability margin with the price of goods.</p> <p>If the sustainability margin is invoiced separately by the producer, you pay the Fairtrade Premium as invoiced (80 % to the Fairtrade Premium Committee and 20 % for the tea estate as sustainability margin). You have clearly documented the split.</p> <p><del>The sustainability margin is applicable to all made teas (conventional and organic), including instant tea. has a split Premium (20% of the Fairtrade Premium is paid to the estate and 80% to the Fairtrade Premium Committee) if the instant tea is derived from conventional made tea using the CTC production method, and from conventional "fannings" and "dust" made tea using the orthodox production method</del></p>

**Guidance:** For Orthodox whole leaf made tea produced In Sri Lanka, the Sustainability Margin applies only to non-statutory worker amenities/benefits.

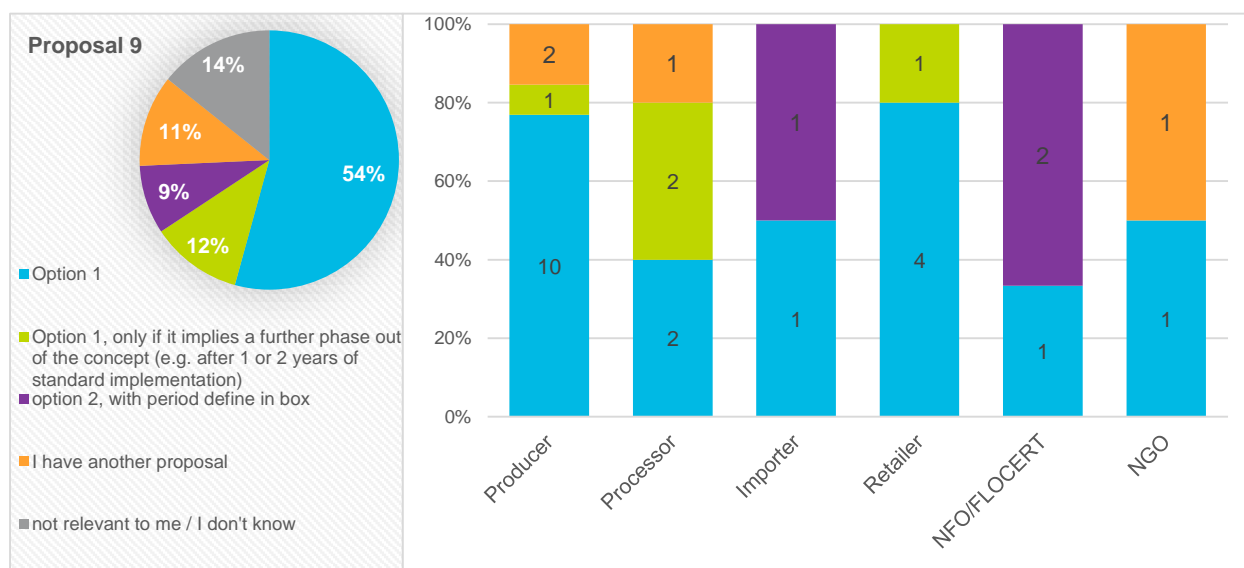
**Option 2:** the sustainability margin concept is removed from the standard completely, i.e. full FP amount will be paid to the FPC and used according to the general FP rules set by the Fairtrade.

#### 2.1.4 Sustainability Margin

**Sustainability Margin:** For conventional teas from the Camellia plant made using the CTC production method, and for conventional "fannings" and "dust" made using the orthodox production method only, 20% of the Premium is to be deducted from the Fairtrade Premium and paid to the estate. This amount is called the sustainability margin. The estate must use it to support improvements in working conditions as part of ongoing certification and compliance with Fairtrade Standards. Where applicable, split payment between the Fairtrade Premium paid to the Fairtrade Premium Committee (80%) and to the estate (20%) needs to be clearly documented, for example by two separate bank payments, or by invoicing the sustainability margin with the price of goods. a split Premium (20% of the Fairtrade Premium is paid to the estate and 80% to the Fairtrade Premium Committee) if the instant tea is derived from conventional made tea using the CTC production method, and from conventional "fannings" and "dust" made tea using the orthodox production method

### Which option are you in favour of?

#### Written Feedback



Out of 35 respondents, 19 (54%) selected Option 1, with producer responses highlighting that it's essential to keep this option for the time and effort put by the company. Trader responses indicate they agree that this area has not been fully understood previously and welcome better clarity and guidance on application, reporting and audit requirements. Also they specify the importance to keep the SM, given that many tea estates find themselves struggling with sustainable existence and that it would make marginalized producer organizations be more viable for the longer term. So the benefit of FP should be equally balanced between community based FT projects and assist the management in delivering best standards for the workers and their business operations.

An NGO respondent mentioned that the sustainability margin is a good way to ensure that companies see a tangible return on investment, and that this return enables continued investment in sustainability.

Further recommendations:

- to increase the margin to 50% (due to low FT sales, e.g. 10% ) (producer India)
- keep this requirement and % without change (producer Africa and Middle East region)
- develop a tool for producing companies that would allow to self-evaluate the value received from tea volume sold as Fairtrade, including the sustainability margin, against cost of production and investments in certification, which would help to build the case for certification and demonstrate return of investment;

4 (12%) respondents chose 'option 1 only if it implies a further phase out of the concept' and suggested for this concept to phase out after 1 year or 2 years from the date of first sale.

3 (9%) respondents selected 'Option 2', i.e. to remove the SM from the standard. Further a trader from Europe mentioned that having this concept in place complicates the communication with consumers and book-keeping and auditing. An assurance body representative agreed the concept was either not fully clear or perhaps was not found relevant to the estates to invoice the 20% therefore workers should remain the sole owner of the FP. In addition, this would improve the auditing procedure to check the FP use and accountability.

4 (11%) respondents selected 'I have another proposal' and further indicated that SM is increased to 30% and with the purpose of use for the benefits of garden, without running this through the GA approval. One other producer from India mentioned the SM could remain 20% and used at the Management's discretion for the benefits of workers, with current rules being clear enough and having this as opportunity to cover costs that are incurred by providing additional conditions that go beyond PLA (e.g. health and sanitation).

5 (14%) respondents found this topic not relevant to them however specified that the SM should be either completely phased out or reduced to 10% that is paid to the estate management.

#### **Proposal 10. Introduce requirement to ensure clarity to FPC and Management of estates defining rules for transparency on accountability of sustainability margin use.**

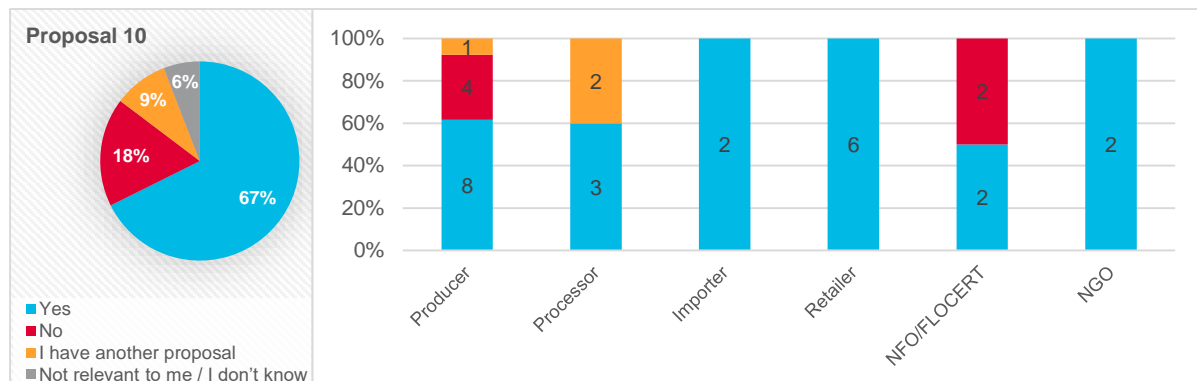
##### **NEW. Sustainability Margin approval and reporting**

<b>Applies to:</b>	Companies
<b>Core</b>	The estate management must make a plan of budgeted costs for approval by the General Assembly of workers and Fairtrade Premium Committee (FPC), followed with a report on the use of SM at the GA and to the FPC. The report on Sustainability Margin (SM) use is submitted to the FPC and GA.
<b>Year 0</b>	<p>The SM can be spent only on projects or activities that benefiting workers directly and support improvements to living conditions and services to workers.</p> <p>The sustainability margin can cover up to maximum 50% of total costs planned of projects.</p>
<b>Guidance:</b> Activities or projects should benefit, as far as possible, all groups (e.g. including migrant and seasonal/temporary workers, women and men etc.)	
A sustainability margin plan to include at least:	
<ul style="list-style-type: none"> <li>• Purpose and objectives</li> <li>• Target group(s) (e.g. men-women or all workers, migrant and temporary workers, family members; community);</li> <li>• Activities</li> <li>• Roles and responsibilities</li> <li>• Project budget (total / annual);</li> <li>• Project start and end date;</li> <li>• How the project will be monitored;</li> <li>• Date of approval of project by GA and FPC</li> </ul>	
The report to include at least:	
<ul style="list-style-type: none"> <li>• Details on value of SM and total Fairtrade Premium income received, clearly showing it is up to 20% of FP</li> <li>• A description of project that was planned, and if it is on-going or has been concluded</li> </ul>	

- Details of actions carried out and if not carried out an explanation
- timing
- Costs of the project, clearly indicate the SM did not exceed 50% of the total cost of the project
- Further actions

## Written Feedback

### Do you agree to introduce the new requirement clarifying rules and accountability of Sustainability Margin use?



Out of 34 respondents, 23 (67%) replied 'Yes' mentioning that this requirement would support transparency of SM use. However, capacity building for workers is important to be provided to ensure proper planning and reporting. The concern is that the benefit of the SM (which can be accessed at critical times by management) could be undermined if the procedure becomes too burdensome and hence feedback from producer representatives is very important to look into. One other trader from Europe suggested to further clarify the type of project that would be allowed and recommended that SM can be used on housing and sanitation.

6 (18%) respondents replied 'No' because as explained by producers from India and Africa and Middle East region, the proposed documentation would only add paperwork, not practical. The original objective was that when standard is implemented, SM would absorb a small portion of the related costs however if this has to go through activity for FPC it goes against its purpose, as there will be no difference between the SM and FP. Other producer suggested the FPC to be the sole planners and the budget to be ratified by the GA so that the management only plays an advisory role.

Some other recommendations from representatives of NFO/FLOCERT is once again enforced towards complete removal of SM from the standard.

#### 3 (9%) respondents replied 'I have another proposal' providing the following suggestions:

- use of SM should be free from being limited to ceiling of 50% of project cost. While GA must know the value of FP in perspective of 20% share, it is the Management that decides its use with advisory from GA/ FC (Processor, India);
- SM to cover 100% of the project cost and not just 50% as the tea estate may not have allocable surplus to cover the balance 50% which may delay or altogether stall the implementation of such projects (Producer, India)
- estate management have to be able to access the Sustainability Margin at times of business criticality otherwise it might become detrimental to the running of the facility rather than of help (processor, Europe).

2 (6%) respondents found this topic not relevant to them.

## Topic 5. General Requirements and Commitment to Fairtrade

### 5.1 Fairtrade Compliance Committee (FCC)

#### Introduction of topic and overall aim of the proposal:

The purpose of proposal to introduce compliance committee was to involve and enhance the role of workers in implementation of Fairtrade standard. Currently according to requirement 1.2.1 in HL standard, every plantation has to appoint a Fairtrade officer who is responsible for Fairtrade matters. However, in addition to this, active participation of workers' representatives in the implementation of standard would help to make workers central actors in Fairtrade's compliance scheme as opposed to subjects with a marginal role. It would also aim to contribute significantly to Fairtrade's fundamental goal of empowering workers. It would help Fairtrade standards to drive more impact than conventional social codes. Thus in the 1st round of consultation, the proposal was to introduce two new requirements that defined composition and tasks of compliance committee (see synopsis for more details). This proposal did not receive a strong support from stakeholders because the proposed structure of the compliance committee and its tasks overlap with areas of responsibilities of existing workers' committee's and that implementation of proposed requirements would result in additional burden. Therefore, the proposal was revised considering suggestions. **The revised structure and responsibilities of the compliance committee is presented below.**

**Also, to support the implementation of these requirements Fairtrade International will work on developing the guidance and training materials with purpose to build capacity of Fairtrade Compliance Committee.**

#### The proposals aim at:

- defining the compliance committee's role and structure, also considering the existing workers' committees in place;
- to strengthen existing requirements in the generic HL standard to ensure that the implementation of requirements on compliance committee is aligned with related activities required to be carried out by companies. This includes changes in requirements on shared of audit results with workers (HL req.1.1.2), scope of general assembly (HL req. 2.1.16) and raised awareness about Fairtrade (HL req. 2.2.1).;

There are six proposals for change in this section.

#### Proposal 11:

- **to introduce a new Core/Year 1 requirement on Fairtrade Compliance Committee composition and tasks.**

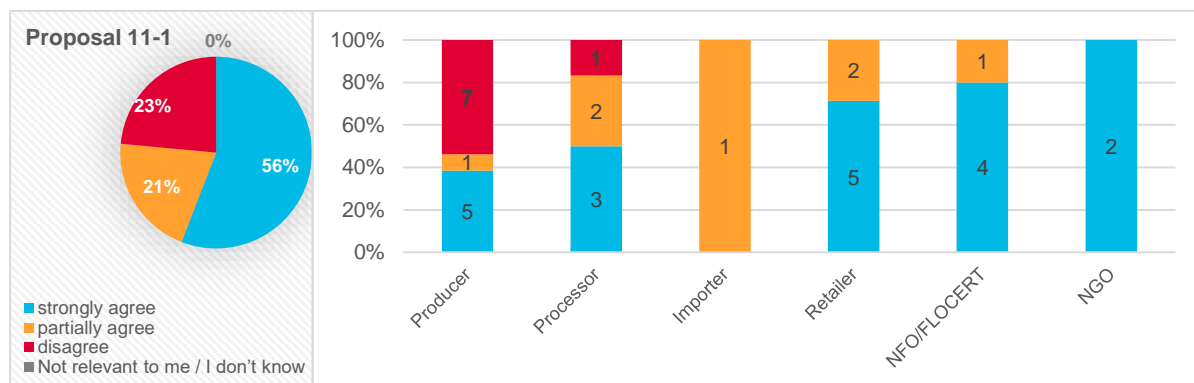
#### NEW. Fairtrade Compliance Committee

Applies to:	Companies
Core	A Fairtrade Compliance Committee (FCC) is created with the purpose of engaging the workers in the implementation of the requirements in this standard.
Year 1	<p>The Fairtrade Compliance Committee is formed at estate level and consists of 1 worker representative and 1 chair from each of the workers' committees that is in place;</p> <ol style="list-style-type: none"> <li>1. Occupational health and safety committee</li> <li>2. Women's committee</li> <li>3. Fairtrade Premium Committee</li> </ol> <p>Members and chairs shall be democratically elected in a general assembly of workers. An up to dated list of FCC members is posted and accessible to all workers in the workplace. Trade unions representing workers in the company and if present, a works council, are invited to take a seat in the Compliance Committee, one for each trade union.</p> <p>The tasks of the FCC include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• Meeting twice a year, to prepare and review facilitate internal audits by committee members;</li> <li>• Consult with workers to identify and prioritize areas of potential and actual non-conformance with the standard;</li> <li>• Document findings of internal audits in a written report with a standard template</li> <li>• Share the report with management to discuss the findings and suggestions for improvement</li> <li>• Present the report to workers in the General Assembly with an opportunity for management to share follow-up</li> <li>• Meeting with auditors to discuss the work of the committee during the audit cycle</li> <li>• supporting workers in understanding the grievance procedure and using it when necessary. Anonymity is necessary when supporting workers with the grievance procedure;</li> </ul>
<p><b>Guidance:</b> The committee members are free of any pressure, undue influencing or repercussions from management in relation to their committee activities.</p> <p>The meetings are carried out annually with the following purpose and structure:</p> <ul style="list-style-type: none"> <li>• first meeting is to discuss and prepare a plan for worker representatives to work on compliance check;</li> <li>• second meeting – to report and discuss the findings from compliance check. For this meeting, representatives of trade unions and a representative of a relevant CSO should be invited. Reports in 2 copies with results of compliance check are validated by chairs of committees (3 signatures).</li> <li>• Third meeting: the committee presents the report to a general assembly of workers and management has the opportunity to comment on the report and their follow-up</li> </ul>	

- 1 copy of the report is submitted to the senior management and 1 remains with FCC.

## Written feedback

### Do you agree with the structure and the activities' scope of Fairtrade Compliance Committee?



Out of 34 respondents, 19 (56%) strongly agreed. An NFO suggested to ensure that this proposed requirement is in line with UN documents on declaration on the rights of peasants and other people working in rural areas by UN ([UNDRIP](#), [UNDROP](#)) and that FCC is to be aware of these declarations. A producer from India mentioned it would ensure more awareness and involvement from the workers towards standard implementation. Another representative from the NFO and traders from Europe supported the overall intention of the proposal, however also concerned that there might be potential difficulties on the implementation and sufficient engagement from the workforce. It was emphasized that a response from producer organizations would need to be understood.

A representative from an NGO from India mentioned it is not clear how the election of the chair of the compliance committee would be done and further proposed to ensure women's voices are well represented on compliance matters requiring 50% of this committee to be comprised of women. Another recommendation is to clarify that the compliance committee meetings and consultations should take place during working hours and that workers should not lose pay for time spent participating and to clarify if compliance check and reporting would only take place once every 3 years. Most important it was highlighted to clarify who would be responsible for building worker's capacity to effectively carry out the listed tasks, and that any support/training should come from qualified staff, specifically on the use of grievance procedure and understanding such terminology as works council, etc.

7 (21%) respondents partially agreed and suggesting to avoid multiple committees in place and keep in focus women empowerment. Also concern is re the given non-conformities to HL (management) in case of lack of worker participation thus recommendation to consider is that operational committee in 1 year is put forward as best practice example. Overall trader representatives were in agreement with the aspiration to engage workers more and to ensure more women participation through this committee. However, further it was emphasized to not involve the Trade Union representatives in the FCC, due to their political affiliation (in India). While an NFO representative did not agree to introduce a requirement that leads to creation of new committee and such tasks should be distributed through the existing committees (workers committee, trade union committee, FPC) and further emphasized to include trade union representatives in the requirement for FCC.

8 (23%) disagreed with proposed change. Respondents from HL organizations in India, and Africa and Middle east region opined to avoid setting another committee because tea estates are often politicized which would not allot for a good environment for trade unions and that formation of

compliance committee will weaken the basic foundation of tea governance. Overall all respondents indicated the follow main challenges:

- additional committee is not practical, and will increase bureaucracy, will induce red-tapism and diversion amongst the labourers;
- instead of new committee – ensure/build capacity of the existing committee to carry out this work; otherwise it is seen as duplication of roles held by various committees;
- often workers’ capacity to carry out such task is limited, as they are illiterate / no education
- current requirements/standards provide proper space for workers to actively participate and lead the roles.

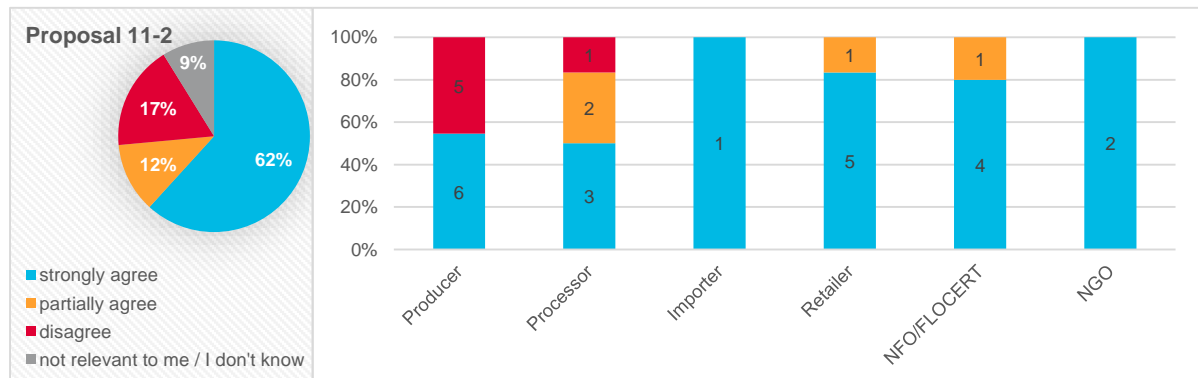
• **To modify wording in existing requirement**

Annual general assembly held by the Fairtrade Premium Committee and other worker’s committees

<b>Applies to:</b>	Companies
<b>Core</b>	Your company ensures that the Fairtrade Premium Committee leads a general assembly (GA) of all workers at least once a year.
<b>Year 1</b>	The purpose of the GA is to report on (see 2.1.18) and democratically approve the Fairtrade Premium plan (2.1.15), and to receive a report from the various committees in the workplace required by Fairtrade standards.  A general assembly is held for all workers to attend with proper notification
<b>Guidance:</b> A general assembly is held for all workers to attend with proper notification, during which committees on Health & Safety, Gender, Fairtrade Premium and Compliance will provide a report.	

**Written Feedback**

**Do you agree to introduce the proposed modifications in the requirement on General Assembly meeting?**



Out of 34 respondents, 21 (62%) strongly agreed and further stated it would ensure better involvement of workers on implementation of requirements and make the committees accountable to the workers and to follow what they are doing as committees. A trader from Europe mentioned that a general assembly might be challenging to host and consider to include a guidance that in case of natural disaster or pandemic such meetings could be postponed.

4 (12%) partially agreed and referred to similar responses provided in Proposal 11-1, particularly highlighting the concerns that companies would be given non-conformities due to lack of workers’ participation.

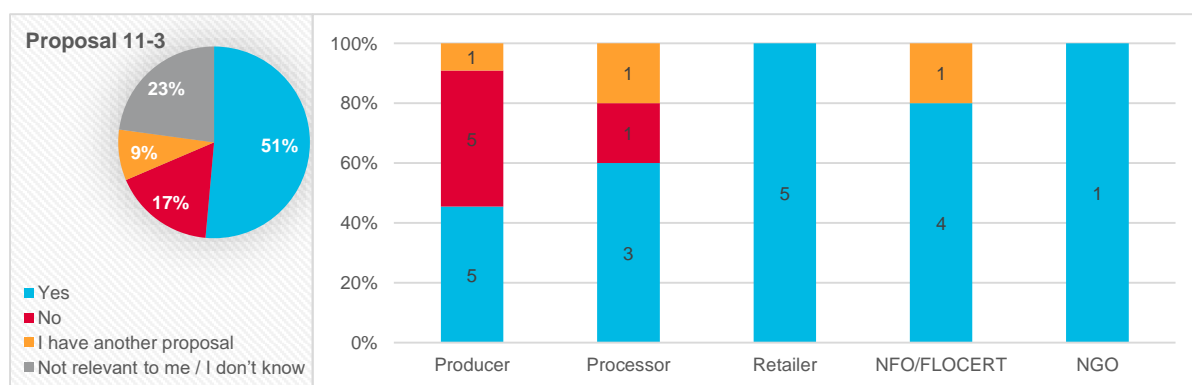
6 (17%) disagreed and stated that the meeting agenda must be maintained to avoid a scenario of misplaced priorities among the committees.

3 (9%) respondents found this topic not relevant to them.

- **to consult on transition period**

**The proposed transition period for this new requirement on Fairtrade Compliance Committee is 1 year starting from the applicability date of revised Tea HL standard. Do you agree with the proposed transition period?** (e.g. if the revised standard is applicable on October 2021, then 1 year transition period implies the requirement is applicable as of October 2022)

### Written Feedback



Out of 35 respondents 18 (51%) answered 'Yes' and mentioned that transition period seems to be feasible however this is under assumption that this is practicable and feasible first of all for producers to organize and that there is sufficient training provided by PNs and FLOCERT to support formation of FCC and their capacity building.

6 (17%) responded 'No'. Producers from Asia region suggested to extend this to another 1 year (more) as this is not feasible to implement before November 2021 including complications caused by COVID-19 and vaccination.

3 (9%) responded 'I have another proposal'. Here the response from an NFO is to rather reduce the period and require the FCC to be established at the first GA meeting which takes place after the revised standard is implemented. While a producer from India mentioned the transition should be extended to 5 years due to the impact of COVID-2019 on all businesses. A trader from Europe indicated that this could only be possible if proper support and capacity building activities could be provided within the proposed time limit.

8 (23%) respondents found this topic not relevant.

### Proposal 12:

- **To modify the existing requirement in HL standard on shared audit results, ensuring workers are better informed about audit results and explore feasible timeline by when the results must be shared**

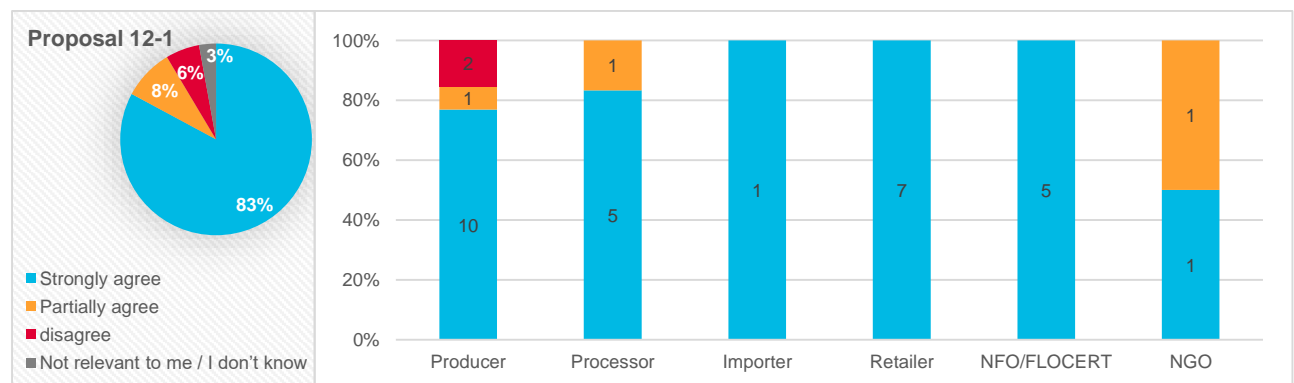
[Audit results shared with workers](#)



<b>Applies to:</b>	Companies
<b>Core</b>	Your company shares audit results with workers following each audit in a format and language accessible to workers. <b>A written report of the audit is displayed in places that are visible to all workers and is translated to relevant language (s) and explained in words at the GA.</b>
<b>Year 1</b>	<b>Worker representatives join the audit opening and end meeting in order to increase worker involvement and understanding in the process of compliance.</b>
<b>Guidance:</b> <b>As a best practice, worker representatives join the audit opening and end meeting in order to increase worker involvement and understanding in the process of compliance.</b> Time should be allowed for representatives to be able to share final results of the audit report with all workers. This is an opportunity to discuss audit results with workers and generate ideas for compliance actions.	

## Written Feedback

### 12-1. Do you agree to introduce these changes to the existing requirement?



**Out of 35 respondents 29 (83%) strongly agreed with proposed change.** Producer representatives mentioned that this would help for workers to realize the certification status of organization does not only depend on management actions and motivate workers to actively participate to close NCs. So it is overall from all respondents agreed this change would enhance the transparency within the companies and also for workers to be informed on any raise non-conformities and indicate to workers that their efforts and involvement also plays an important role in maintaining the certification with Fairtrade standard.

3 (8%) respondents partially agreed. A representative from NGO mentioned that it's important to factor in the challenges due to workers' illiteracy and ensure reports should be verbally communicated and measures taken to reduce their illiteracy.

2 (6%) respondents disagreed and mentioned that the standard should rather encourage capacity building exercises to the workers instead of placing more notices/documentation. Other mention that this change may be need to be kept as a good practice instead of a requirement on compliance committee.

1 (3%) respondent found this topic not relevant.

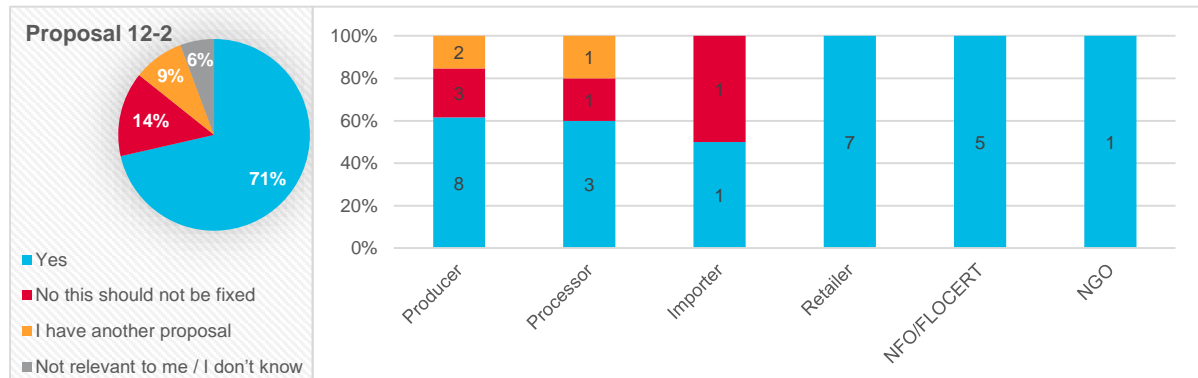
### Do you agree to fix the time to a maximum of 1 month, by when representatives must share final results of the audit report with all workers?

## Written Feedback

Out of 35 respondents 25 (71%) responded 'Yes'. These responses included also producers from Asia and Africa and Middle East regions, who agreed that 1 Month is sufficient and will allow for the workers to understand and participate effectively on the report. Further to this, a representative from



assurance body drew attention to a timeline of 4 months that could be fixed for companies to resolve the non-conformities (with corrective measures), confirming it's good to set the timeline of 1 month. The respondent from an NGO further assumed that verbal communication would take place at the GA, which might also be fully packed considering the proposed changes in earlier proposals will be included in standard. To avoid challenges to carry out the GA within the month after the audit, and also to avoid complication with the GA prioritized agenda, thus 1 month phase has to be revised.



5 (14%) respondents chose the option 'No this should not be fixed', because fixing timeline would increase the risk of NC, also it could be not practical and suggested to allow 2 months as a deadline (producers from Asia and Pacific region).

3 (9%) respondents replied 'I have another proposal', with suggestions from producers in Asia and Africa and Middle East region:

- For FLOCERT to share audit report in local language so that it could be shared immediately
- Extend the timeline to 3 months

2 (6%) responded that this topic is not relevant.

### Proposal 13. To modify existing requirement in HL standard on awareness raising regarding company's commitment under Fairtrade

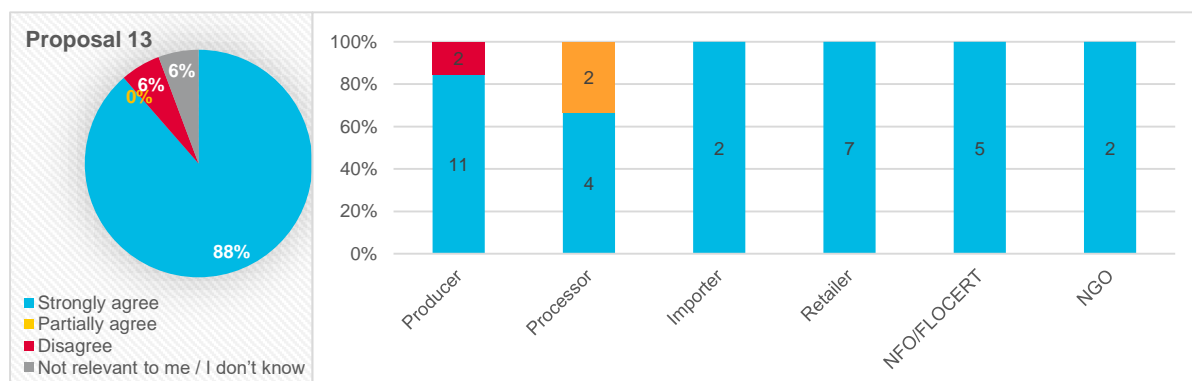
#### Raising awareness about Fairtrade

<b>Applies to:</b>	Companies
<b>Core</b>	Your company raises awareness about Fairtrade at all levels to ensure that workers understand the benefits of Fairtrade, in particular:
<b>Year 1</b>	<ul style="list-style-type: none"> <li>• The benefits of the Fairtrade Premium;</li> <li>• The different functions, duties and positions of the Fairtrade Premium Committee, other Fairtrade related committees, and trade union/elected worker representatives.</li> <li>• <b>Commitments under Fairtrade</b></li> </ul> <p>Your company ensures that the management at all levels, including supervisors, understands the implications of Fairtrade for the company's operations (e.g. time needed for meetings during working hours).</p>
<p><b>Guidance:</b> 'All levels' includes senior and middle management, supervisors, workers including migrant and temporary workers and their representatives (e.g. unions, committees). Management and supervisors that have been recruited from outside the company have to be specifically trained in Fairtrade upon their employment. The local point of contact can support training on workers' rights and duties (see 3.4.2).</p> <p><b>Examples of commitments include commitment to adopting a child rights, commitment to adopting an open and positive attitude to workers organizing themselves, commitment to Freedom of Association, etc.</b></p>	

Best practice is that posters or similar materials with the commitments should be displayed in prominent positions where they are visible to all workers. These materials should be available in the language that workers understand.

## Written Feedback

### Do you agree to introduce these changes to the existing requirement?



Out of 35 respondents 31 (88%) strongly agreed that with this change workers will be better involved within the company on implementation of the Fairtrade standard requirements and that this will enhance the transparency. However, the examples provided in the guidance to requirements were found to be unclear.

2 (6%) disagreed with the proposed change and clarified that it is already done in their organization

2 (6%) respondents found this proposal not relevant to them.

## 5.2 Social development

The 1st round consultation proposal on training of trade union/elected worker representatives was put forward with modifications that strengthened this requirement from Dev/Year 3 to Core/Year 3 and clarified elements on implementation of trainings in the guidance.

As a result, stakeholders had divided opinions where workers were in agreement and highlighted importance of this change while representatives from management of plantations did not agree. In the meantime, other stakeholders mentioned this requirement has to be applicable on Year 0 which would ensure support and empowerment of workers at earlier timelines. Overall it was endorsed to make this requirement compulsory, but less agreement on the year of applicability.

### The proposal aims at:

- Considering concerns from various stakeholder groups and further strengthening of the requirement.

There was one change proposed

### Proposal 14: To strengthen requirement on training for trade union / elected worker representatives, and move its applicability from Year 3 to Year 1.

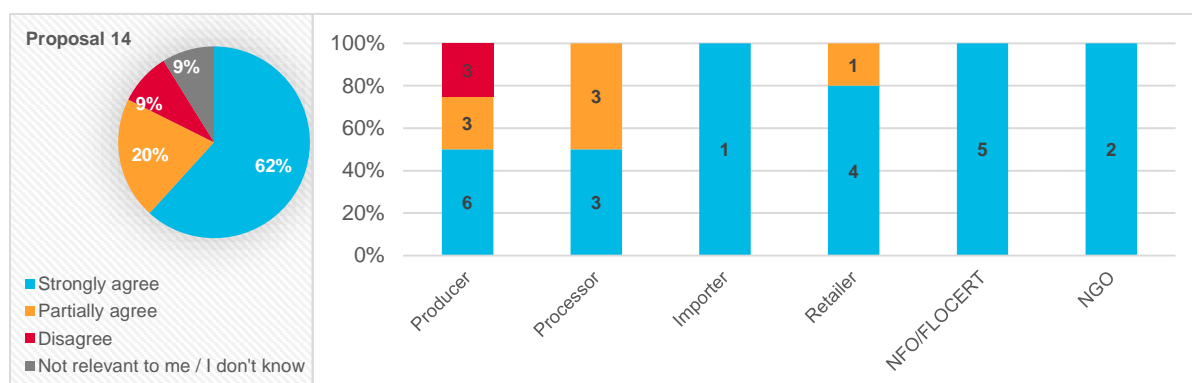
#### Training trade union/elected worker representatives

<b>Applies to:</b>	Companies
<b>Dev Core</b>	Trade union/elected worker representatives are <b>trained</b> on

<p><b>Year 3</b> <b>Year 1</b></p>	<ul style="list-style-type: none"> <li>labour legislation <del>and negotiation skills</del></li> <li><b>worker representation, including representation of women</b></li> </ul> <p>Workers, managers and supervisors are trained on rights at work including rights of women.</p> <p>Members of Compliance, Health &amp; Safety, Fairtrade Premium and Women's Committees receive regular training on relevant topics that they are asked to propose themselves.</p> <p>Training <b>takes place</b> during working hours and on an annual basis.</p> <p>Your company <b>records</b> all training activities. Records <b>include</b> information on topics, time, duration, names of attendees and trainers.</p>
<p><b>Guidance:</b> Training for workers <del>is essential in order to achieve</del> will support empowerment. Training of supervisors will support respect for workers' rights and effective employee relations. Training of trade union/elected representatives will support quality of representation. Training can be provided by trade unions, labour rights organisations or labour rights experts selected by the Producer Network. These trainings can not be conducted by the employers of the plantation.</p>	

## Written Feedback

### Do you agree for this requirement to be a Core/Year 1 and with the proposed modifications?



Out of 34 respondents, 21 (62%) strongly agreed with proposed change highlighting that training at year 1 will enable them to perform their roles effectively. An importer from Europe expressed concern if this would be workable in regions where workers union are already established (e.g. Assam).

7 (20%) respondents partially agreed. One of these respondents mentioned that in India unions often represent political parties thus focussing their work around establishing political power. A producer from India suggested that a Producer Network should identify and select reliable agencies for training. While another representative from producer organization in India stated that selection of Labour Rights Experts and Labour Rights Organizations should be local and selected by the Garden Management to avoid complications related to discussion of sensitive topics. One other respondent mentioned that 1 year is too challenging timeframe. A trader from Europe has concern regarding the quality of trainings when they are provided by different organizations with viewpoints that are different between these organizations which may lead to a confusion of trainees in understanding what is correct. So it's important that when trainings are provided, the content is consistent and clear.

3 (9%) respondents disagreed stating that the workers union in the Assam tea estates are well established and management would not be able to interfere in their training process, hence unions will object if management encroaches in their domain.

3(9%) respondents found this topic not relevant to them.

## Topic 6. National legislation

This topic was not included during the first round of consultation but is relevant to some of the proposals in the second round for Hired Labor organizations (for example housing and sanitation and wages) as well as for traders. Currently, in the section "Reference" of the HL Standard (page 3) it reads:  
*Fairtrade International requires that companies always abide by national legislation on topics covered by this standard, unless that legislation conflicts with internationally recognized standards and conventions, in which case the higher criteria prevail. However, if national legislation sets higher standards or ensures more favourable conditions for workers on an issue than Fairtrade International, then it prevails. The same applies to regional and sector-specific practices..*

However, as it is not written as a requirement the certification body does not have a link to the standard to raise a non-conformity should a non compliance on national legislation arise

### The proposal aims at:

- enabling Fairtrade to act in case violations to national law take place. The purpose is not that auditors check proactively compliance of organizations against all labour or environmental laws, but to have a tool to react in case of risk or indications of non-compliance. Also, it aims at providing clarity to companies on how to act in case of contradiction of the standard with national law.

There was one change proposed.

### Proposal 15: To introduce a new Core / Year 0 requirement on compliance with national law.

Applies to:	Companies
Core	It is your company's responsibility to be aware of the applicable national legislation on the topics covered by this standard in your country and there are no indications of its violation
Year 0	
<b>Guidance:</b> Fairtrade requires that companies always abide by national legislation on topics covered by this standard, unless that legislation conflicts with internationally recognized standards and conventions in which case those higher criteria prevail. Also, if Fairtrade standards ensure more favourable conditions for workers, then they prevail. The same applies to regional and sector-specific practices.	

## Written Feedback

### Do you agree to introduce a new requirement that builds on existing regulation stated in the generic HL standard?

Out of 34 respondents 25 (73%) strongly agreed that this requirement would close the gap between topics covered by the standard and other topics that are not covered but are part of national laws (e.g. food safety violation) and further recommendation is to add in the guidance to requirement that auditors could also raise legal compliance issues that are not specifically related to the standard, considering this as non-compliance to national legislation.

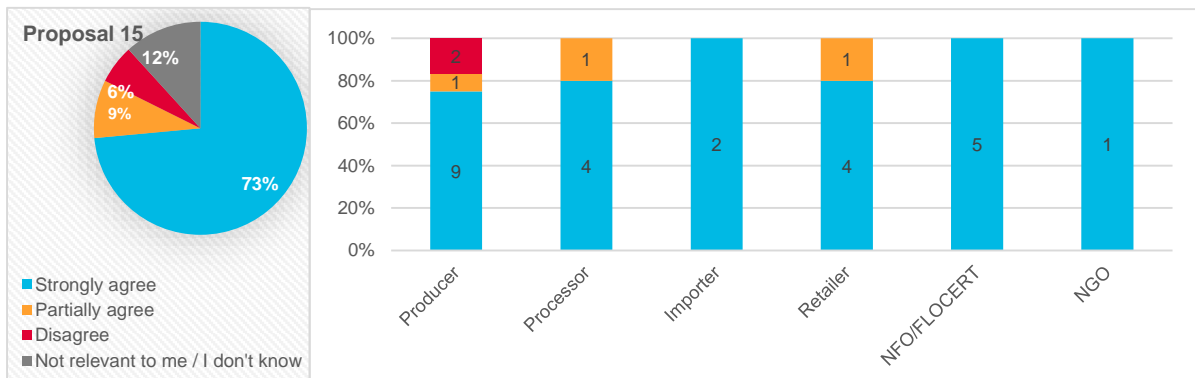
An NFO representative opined that Fairtrade standards should not complement the national laws because in some cases it becomes a challenge for producers, e.g. differentiation between standards, CBA and industry norms specifically in North East India. If for such cases an alternative solution could be found, then they remain in favour of introducing this requirement.

3 (9%) respondents partially agreed with emphasizing that a standard can not overrule national law but only to complement it. This is specifically in the case where standard contradicts the national law which makes it very challenging for producers to remain certified.



**FAIRTRADE**  
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[Back to table of contents](#)



2 (6%) respondents disagreed further explaining that such requirement is not necessary (for India) and that companies have to abide by the national laws irrespective of Fairtrade, and that national laws are made taking into consideration the ground reality thus overruling these laws makes it a biased approach for local needs.

4 (12%) respondents found this topic not relevant to them.

## Topic 7: Trade. Requirements applicable to traders sourcing from SPO and HL estates

### 7.1. Retro-certification

In the first round of consultation the introduced changes were on regulating FP and FMP payment for volumes bought as retro-certified, i.e. that payment of FP and FMP have to be completed prior to retro-certifying tea. This proposal did not get endorsed by stakeholders as was found to be not practical.

In the meantime, retro-advice note as a tool was revisited and it's practicality re-assessed.

In this consultation round, the purpose is to further explore what could be improved on regulation of retro-certification, while avoiding making this process becoming systemic where it is possible.

#### The proposals aim to:

- eliminate delays in processing of retro-advice note;
- ensure clarity that producer organization is the one to decide/approve the availability of retro-certified volumes

There are five changes proposed in this section.

#### Proposal 16 ( 16.1 - 16.4 ):

- To modify two existing requirements removing reference to retro-advice note and introduce 3 new requirements to ensure transparency on retro-certification process for producers and traders.**

#### 1.1.2 Retro-certification limits (volume and timing)

##### First buyers

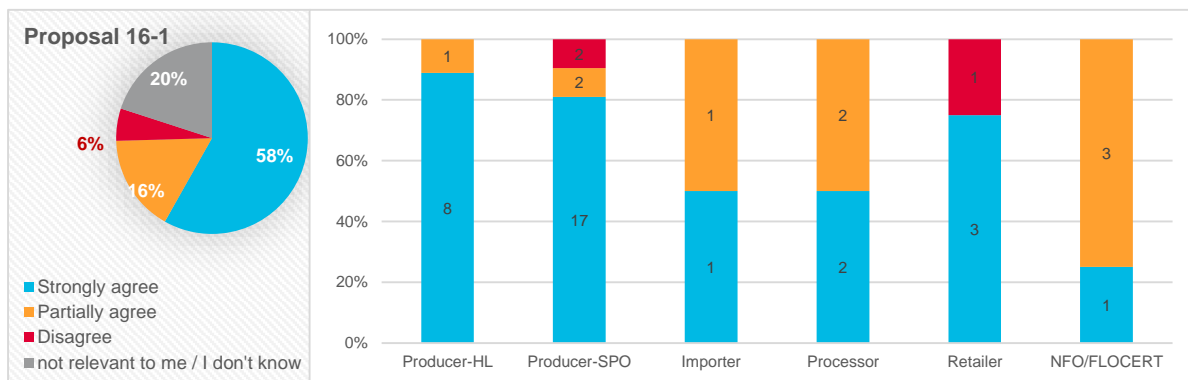
<b>Applies to:</b>	First buyers
<b>Core</b>	<p>For CTC African teas, buyers may Retro-certify up to 30% of volume purchased on the original invoice from a given Fairtrade certified producer. Teas may be retrospectively declared as Fairtrade up to 3 months after the month of the original purchase invoice.</p> <p>For Orthodox and non-African CTC teas, buyers may Retro-certify up to 100% of volume purchased on the original invoice from a given Fairtrade certified producer.</p> <p>Teas may be retrospectively declared as Fairtrade up to 6 months after the month of original purchase invoice.  <b>The certified producer must be notified and approve Retro transactions via a "Retro Advice Note".</b></p>

#### Written feedback



FAIRTRADE  
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[Back to table of contents](#)



Out of 55 respondents, 32 (58%) strongly agreed with proposed change and further Kenyan producers mentioned this change would strengthen producers' position in marketing process and will bring clarity. 9(16%) respondents partially agreed. Indian producer organizations further highlighted importance for producer (supplier) to remain in the same role, such as to be informed about retro-certified volumes within the time limit and to approve the availability of requested volume for retro certification. This is important to keep in place to enhance the ownership of the product by producer. Further producers from Kenya recommended to increase the limit of retro certification from 30% to at least 50% of CTC teas.

A representative from an NFO suggested to set the same limit for all origins to 30%. The assurance body highlighted importance to keep retro-advice note with the purpose for trader to receive approval of volumes for retro-certification which would help to prevent risk of sales Fairtrade non-eligible volumes. Another point is on applicability of this requirement that has to be amended to reflect the reality and apply to first buyer up until importer.

3(6%) respondents disagreed and mentioned that retro-certification should not be depending / linked to the date of the original purchase and there should be no limits for retro-certification since it would benefit producers in case whole amount is to be retro-certified. There should be no limit for retro certification if trader want to certify the whole amount it will benefit farmers and workers in terms of premium and price. A producer from Africa and Middle East region stated that retro-certification makes it difficult to plan and spend premium, and tracing transactions and payments it often problematic for them.

11 (20%) respondents found this topic not relevant to them

## • 16-2

### • 1.1.3 Retro Advice Note—Informing producers of retro-certification

Applies to:	First buyer
Core	You inform producers of the retro-certified transaction within 5 working days.
Year 0	<p>If you are not the first buyer, you also inform the exporter of this transaction and receive a confirmation that the exporter is willing to take taking on the responsibility to convey the additional price and Premium for the retro-certified volume.</p> <p>The Retro Advice Note includes a copy of the original invoice; producer and buyer identification; the volume of tea being retro-certified; the Fairtrade Premium amount due; the Fairtrade Price adjustment (where applicable if original price paid is below applicable Fairtrade Minimum Price) and a justification for retro-certifying.</p> <p>Each Retro Advice Note between two operators must be consecutively numbered, using Trader name and ID /Producer Name and ID/ Year/ transaction number (Smith824/TeaProducer9851/10/001, Smith824/TeaProducer9851/10/002, etc). This code must also be quoted on all documents and Bank Transfers related to the specific retro transaction.</p> <p>Tea cannot be sold or packed as Fairtrade before the producer has given written agreement/ approval of the Retro Advice Note. The date the producer confirms acceptance by signing the Retro Advice Note becomes the 'declaration' date on which the Retro-certified volume becomes Fairtrade. Due payment of the Fairtrade premium and any price adjustment are as per the tea Standard. If the original invoice price for the Tea was below the applicable Fairtrade minimum price for that country/region then the difference must also be paid along with the due Fairtrade Premium.</p> <p>A copy of the Signed Retro Advice Note and original invoice must be sent by the Trader to a Fairtrade International email account; retro.tea@fairtrade.net within 5 working days of the declaration date.</p>

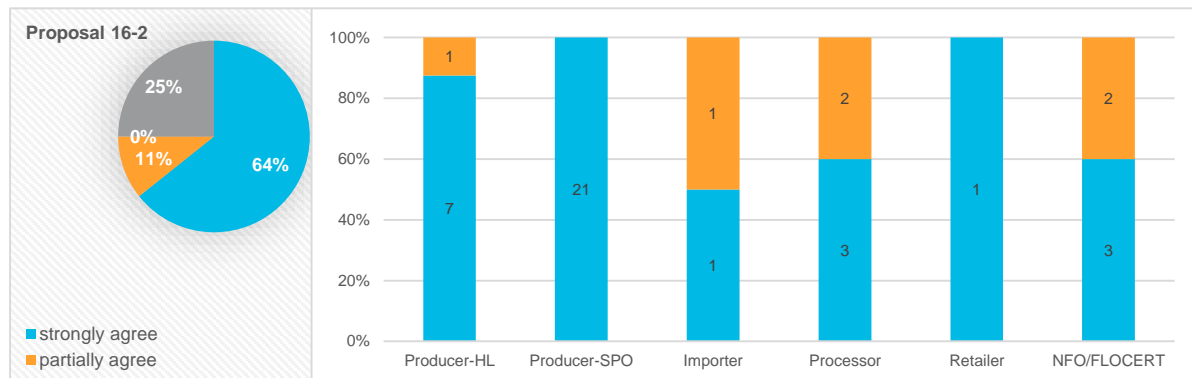


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[Back to table of contents](#)

## Written feedback

### Do you agree to introduce this change?



Out of 56 responses, 36 (64%) strongly agreed with proposed change in the existing requirement. Further respondents added that this would facilitate timely communication to producers and avoid time consuming process on retro-advice note. Overall respondents agreed this is a positive step. To the assurance body the proposed change is self-explanatory and auditable. However, it has to be clarified if it's compulsory to the exporter to be the price and premium conveyor when an importer is retro-certifying.

6(11%) respondents partially agreed. Producer from India highlighted that it's still very important to keep the producer in the role to give written permission for retro certification. Traders from Europe further recommended to define the 5 days period more clear, as in starting from which date/ event this 5 days should be counted:

- starting from the date of purchase or
- from the date of decision or
- 5 working days from the decision being reached by the first buyer.

Another trader(importer) from Germany clarified that as first buyers they communicate with agents, or exporters but not with the producers directly. Further to this, they need some days until the transaction has been communicated to back to them. Hence these terms need to be clearly defined in detail about which dates we are talking. "

14(27%) respondents found this change irrelevant to them.

### • 16-3

<b>Applies to:</b>	First buyer
<b>Core Year 0</b>	You promptly report to the certification body about all retro-certified transactions through the reporting system on traceability.
<b>Guidance:</b> The following information is an example of what data and information is useful to prepare for report: <ul style="list-style-type: none"> <li>- the date of purchase of the tea from the producer organization</li> <li>- transaction identification</li> <li>- container/shipment information,</li> <li>- seller and buyer identification;</li> <li>- the volume of tea being retro-certified;</li> <li>- the Fairtrade Premium amount due;</li> <li>- the Fairtrade Price adjustment (where applicable if original price paid is below applicable Fairtrade Minimum Price)</li> <li>- the party responsible for paying / conveying price differential and premium to the producer.</li> </ul>	

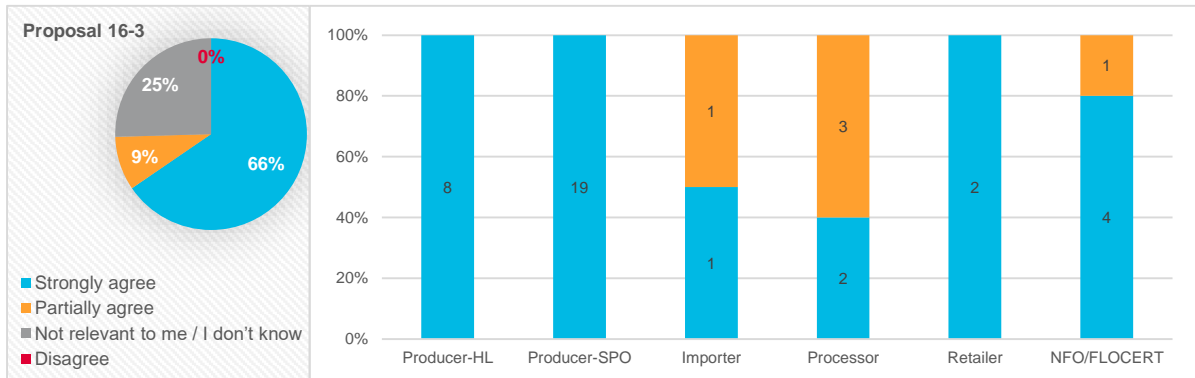
## Written feedback

### Do you agree to introduce New / Core 0 requirement applicable to traders (first buyer)?



**FAIRTRADE**  
INTERNATIONAL

[Back to table of contents](#)



Out of 55 responses, 36 (66%) strongly agreed with proposed change. Respondents representing producer organizations in Asia and Africa and middle East regions mentioned this change would ensure transparency and harmonized communication to all interested parties. Further it was suggested that the same information should be shared with the certification officer for reconciliation and enabling him/her to follow up on payment from the buyer. It's often happens that transactions come very late in the quarter making this problematic to coordinate and track the payments. Representatives from assurance body indicated the need for this requirement to be aligned with the proposed change before so that applicable not only to first buyer. Further to trace all the information there would be a need of tools improvement and for now, keeping the retro-advice note in place would remain relevant.

5(9%) respondents partially agreed stating overall it would increase traceability and further recommended to clarify the definition of 'promptly' and specify if there will be any time limit for claiming retro-certified transaction after sales through reporting system, and if the system meant in the requirement is the Fairtrade or other. One respondent did not find this change any different from what they currently have to follow.

14 (25%) respondents found this topic irrelevant to them.

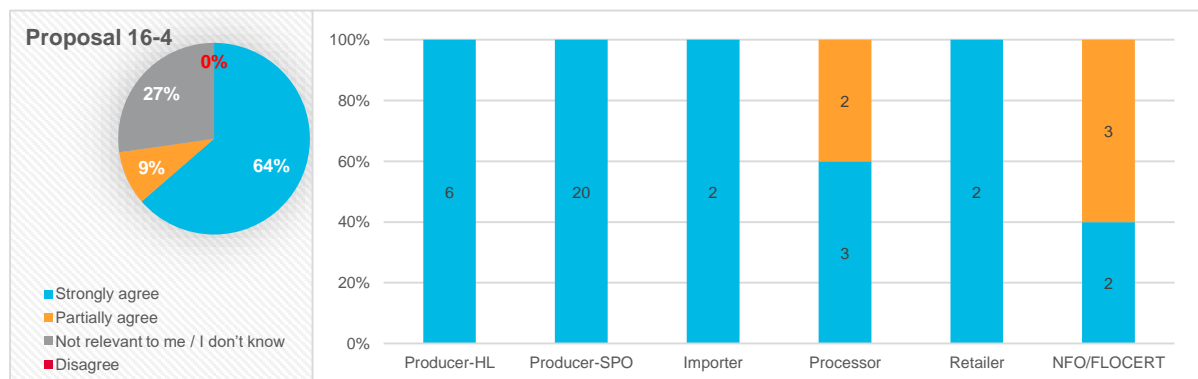
#### • 16-4

##### NEW - Record-keeping

<b>Applies to:</b>	Exporter
<b>Core</b>	You keep track of volumes of retro-certified tea
<b>Year 0</b>	

#### Written feedback

**Do you agree to introduce new Core/Yea 0 requirement for traders to keep the records of tea retro-certified volumes?**



Out of 55 responses, 35 (64%) strongly agreed with proposed change and further indicated that this should be done to maintain traceability records that may require to be verified to match with the sales recorded in the system, also that this will enable trader and producer to know amount of volume retro certified in a year and keeping record will help during auditing. An importer indicated that this is important to ensure full traceability.

5 (10%) partially agreed with this change and further recommended to clarify for how long such information should be available. Other trader from Europe stated that it would be even more advantageous if there was a way for the exporter to be able to see the retro transactions uploaded on to Fairtrade, as it would streamline the full process.

Representatives of assurance body shared divided opinions, indicating that if an importer reports to FLOCERT, then it's not clear why would an exporter keep the records. Another opinion is that such change would cause a change in current procedure where often exporters would not be aware about the volumes being retro-certified, unless it is compulsory for an exporter (as first buyer) to be the FMP (differential) and FP conveyor.

14 (27%) respondents found this change not relevant to them.

**Proposal 17. To introduce a new Core/Year 0 requirement applicable to first buyer and all traders who retro-certify tea, to buy at least 20% of total volume (produce) through direct purchase**

**NEW Retro-certification limits**

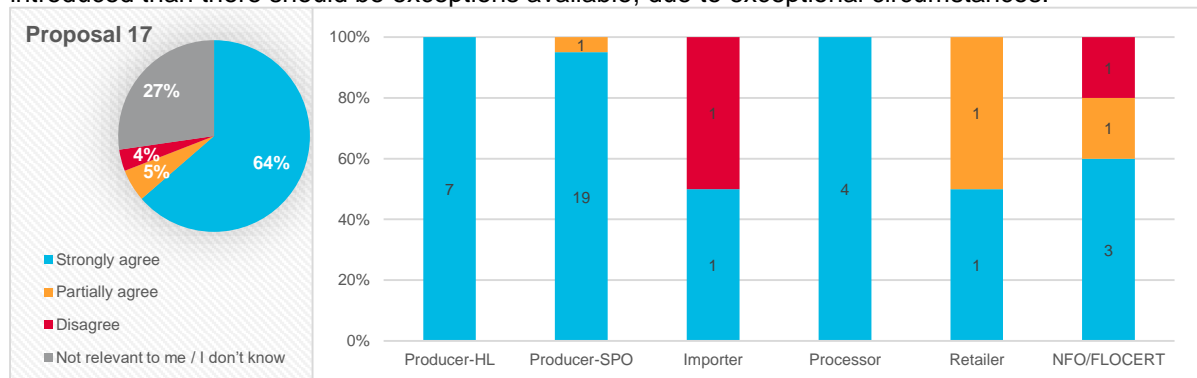
<b>Applies to:</b>	First buyer and all traders who retro-certify
<b>Core</b>	At least 20% of Fairtrade sales come from direct Fairtrade purchase (not retro-certified)

**Written feedback**

**Do you agree to introduce the Core/Year 0 requirement to limit purchases through retro-certification?**

Out of 55 respondents, 35 (64%) strongly agreed. Respondents from producer organizations in Asia and Africa and middle East agreed that this change is needed to make retro certification only when it is unavoidable and that this is not used as a primary purchase route. For producer organizations it would add support in the process of premium planning, better negotiation and increase in sales. Traders (processor and importer) from Europe indicated that they understand this is important to provide good visibility to producers. The assurance body agreed with the change as it would guarantee 20% of total volume is bought on Fairtrade terms thus payment of FMP and FP. Further it's important to clarify to what time period 20% is to be applicable, a calendar year or any flexible time that customer can choose.

3 (5%) partially agreed for various reasons. Overall the opinions were divided into either setting a higher limit, e.g. to 80% (from NFO) or removing any limitation because this would hinder some traders from retro-certifying the available volumes (producer). A trader recommended to consider if this is introduced then there should be exceptions available, due to exceptional circumstances.



2(4%) disagreed. A trader (importer) from Europe further stated that it's not possible to forecast potential need of Fairtrade certified tea during the harvest time and when contracts are signed. Brand-owners and packers would not commit to any specific volumes prior to harvest. Therefore 20% could remain as a goal but should not be compulsory and thus suggestion is to remove this proposal completely. Such regulation should be rather applicable to brand-owners or retailers who often trigger the demand. While their demand depends on consumer movements & trends. A representative from NFO had the opposite opinion and disagreed with the statement that 20% is too low.

15(27%) respondents found this topic not relevant to them.

## 7.2 Purchases and sales of green tea leaves

Green Tea leaves are purchased from SPOs on a daily basis. In some cases, it is challenging or even impossible to pay the applicable Fairtrade Price and Premium for all green leaves bought. This is because the trader that processes the green leaves may not be able to know in advance what part of the green tea leaves volume bought from an SPO will be sold as Fairtrade made tea. This means that when an SPO sells green tea leaves this is a sale/purchase that falls under sale as Fairtrade eligible. While standard allows retro-certification for Fairtrade tea, this mechanism does not include sales/purchases of green tea leaves. The current version of Tea SPO standard does not cover such situations.

### The proposal aims:

- introducing a change in the standard that will benefit SPOs in their premium use planning and provide an overall clarity on processes and timelines of FP transactions as well as responsibilities in the supply chain
- addition of new requirement, applicable for First buyer/Processor that stipulates the minimum necessary details related to purchases of green tea leaves and timely payments to SPOs.

There is one change proposed in this section.

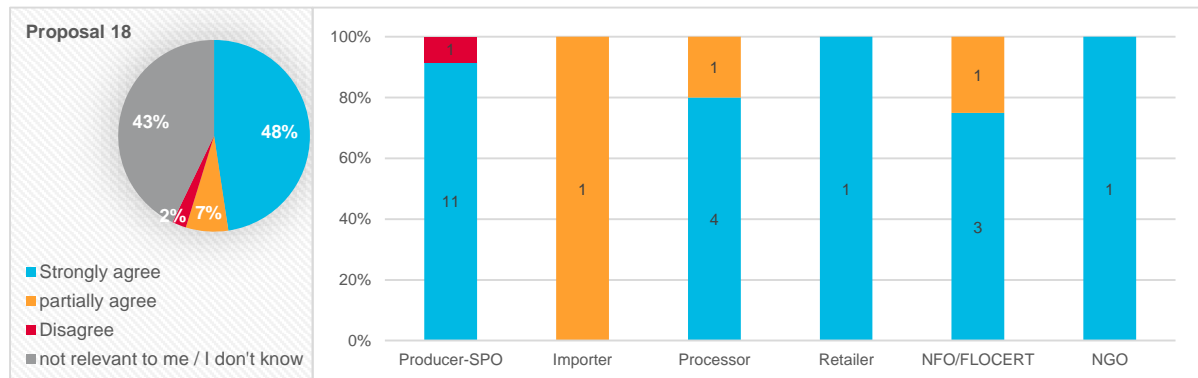
### Proposal 18. to introduce a new Core/Year 0 requirement for purchases and sales of green tea leaves from small-scale producer organizations

#### NEW. Purchase and sale of green leaves from SPO

<b>Applies to:</b>	All traders buying and processing green leaves
<b>Core</b>	<p>If you buy green tea leaves you buy as Fairtrade eligible and sell as Fairtrade, provided that the conditions below are met:</p> <ul style="list-style-type: none"> <li>• Fairtrade eligible means green leaves were produced as Fairtrade</li> <li>• When the processed/made tea is sold as Fairtrade you inform each of the supplying producers of the volumes of their Fairtrade eligible green leaves tea sold as Fairtrade</li> <li>• If you act as premium conveyor, the entity buying tea from you acts as a premium payer and this arrangement is outlined in the contract between you and producer.</li> <li>• You transfer price differential (if applicable) and the Fairtrade Premium once you sell the processed/made tea as Fairtrade.</li> <li>• You make an agreement on transfer of price in a timely manner, but the period should not be more than 14 days.</li> </ul> <p>When you sell only the percentage of total volume bought as Fairtrade eligible green tea leaves, this percentage is applied to each producer's supplied volume and the Premium and price adjustment (if applicable) are calculated pro rata. If the second buyer (the buyer of processed/made tea) requests in writing for tea from a specific producer, the Fairtrade price adjustment and Premium is to be paid to that specific producer.</p>

### Written feedback

### Do you agree with the proposed new requirement?



Out of 42 responses, 20 (48%) strongly agreed with proposed change. Respondents representing producer organizations in Asia and Africa and Middle East further added that this change will enhance assurance to producers on their deserved benefits of their product and that first buyer should have agreement with producer on payment of price differential after selling tea on Fairtrade terms. The assurance body mentioned that introducing this requirement may lead to an administrative burden auditing this requirement.

3 (7%) respondents partially agreed and mentioned that this would increase paper work for all parties and introducing such change is not essential at this point. A representative from NFO suggested to improve wording, by using 'SPO' or 'producer organization' instead of 'producer'.

1 (2%) respondent disagreed, suggesting to increase number of days for transaction to 30 days or monthly.

18 (43%) respondents found this not relevant

### 7.3 Pre-finance rules: Alignment with the Trader Standard

The Trader Standard includes a generic requirement 4.4.1 on pre-finance that stipulates that the onus to offer pre-finance is on the trader. This change was introduced in 2015 and current product standards for Tea for SPO and HL still states that pre-finance has to be made available upon request of producers. Following the introduced change in TS, where pre-finance has to be offered by the trader, and the 60% pre-finance that is currently stated in Tea standards should be also interpreted as 'at least 60%' has to be offered by the trader after signing the contract.

**The proposal aims at:**

- introduce new requirements in the Tea HL and SPO standards on pre-finance for traders, to align with the Trader Standard

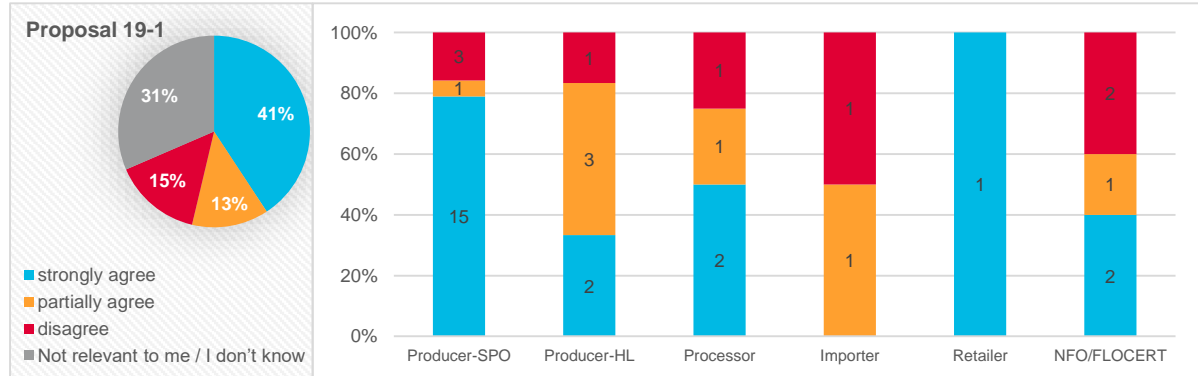
There were two proposals consulted in this section.

#### Proposal 19. Introduce in Tea product standards for HL and SPO the following requirement:

<b>Applies to: First buyers</b>	
<b>Core</b>	You provide at least 60% of the value of the contract as pre-finance to the producer at least six weeks prior to shipment.
<b>Year 0</b>	

### Written feedback

**Do you agree with the proposed change to align with the Trader Standard and introduce a requirement in Tea HL and SPO standards for first buyer on pre-finance?**



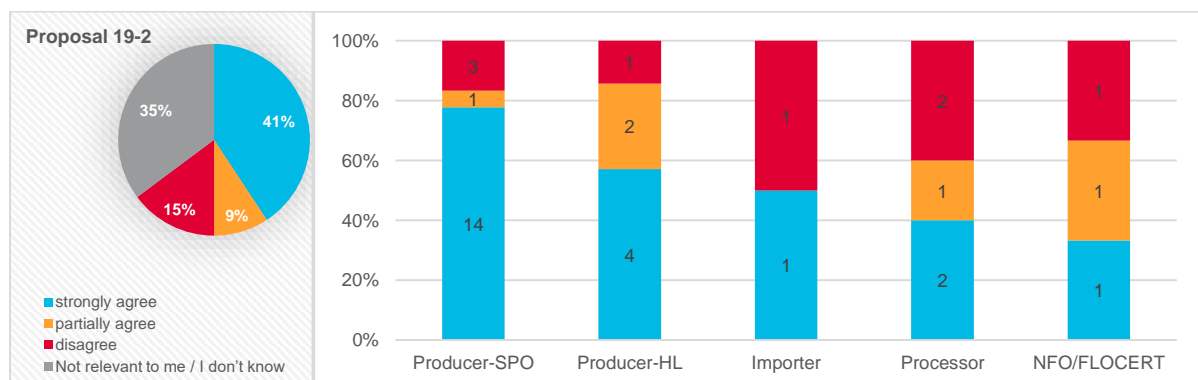
Out of 54 responses, 21 (41%) respondents strongly agreed and recognized this is needed for alignment and enhancement of synergy.

7 (13%) respondents partially agreed and explained that it's better if pre-financing is taking place following mutual agreement and not as a compulsory requirement. The certification body brought into focus that this requirement would only be applicable if tea is bought on Fairtrade terms and would not apply for 'Fairtrade eligible'.

8 (15%) respondents disagreed and stated that 60% is too high, and that this may discourage traders from buying tea. Thus this should not be made compulsory and only applicable on a case-by case, when there is a need. Another suggestion here is that pre-finance must apply only for SPOs.

17 (31%) respondents found this topic not relevant to them.

**Do you agree to keep the percentage of 60% of the value of the sales contract and the timeline "six weeks prior to shipment"?**



Out of 54 respondents 22 (41%) strongly agreed to keep this limit to 60%. Further feedback is from representatives of SPOs in Africa and Middle East region who mentioned that 60% is a fair amount.

5 (9%) respondents partially agreed and highlighted to keep in mind this would not apply for the volumes bought as Fairtrade eligible. Responses from HL representatives indicate that this should remain as guidance / intention but pre-financing should be agreed upon mutual acceptability to both buyer and seller. Further producer from Asia and Pacific region suggested to clarify how the signed agreement between importer and the processor would be linked to an SPO

8 (15%) respondents disagreed stating that the pre-financing should be based on the moment of the needs at producer end. An SPO producer respondent from Africa and Middle East region specified

that the % should be agreed on contract between trader and producer at the point of agreement, in case there is any need for pre-financing. A processor from Europe was not in favour of introducing this requirement.

19 (35%) respondents found this topic not relevant to them.

## Topic 8: Inclusion of Herbs & Spices in the certification scope of Tea HL organizations

Fairtrade standards for organizations in producing regions are segregated into organisational setups like SPO, Hired labour, Contract Production with a particular scope of products. The scope for Herbs & Herbal teas standard for Hired Labour organizations allows companies to produce and sell fresh and dried herbal products as Fairtrade, where fresh herbs are only those that are for culinary purposes and for processing into essential oils while dried herbs are only allowable for tea products. There is an interest from Fairtrade Tea HL organization to expand the scope of the standard for Herbs & Herbal teas for HL, allowing Tea HL to also sell dried black pepper (*Piper Nigrum L.*). Under current scope limitations, it is not permitted for HL organizations to do so.

Black pepper (*Piper Nigrum L*) is mainly grown as a rainfed crop but can also be grown as irrigated crop when it is growing under the shade trees in tea or coffee plantations. Thus, on tea plantation areas pepper is generally an intercrop for the high altitude tea, as a creeper covering the shade trees and hedge crops. In such case, this circumstances and conditions it's not very cost demanding to maintain this crop production.

### The proposal aims at:

- exploring possibility to expand the scope of standards for Herbs & Herbal teas standard for HL organizations to allow to sell dried Black Pepper only when it's grown as intercrop on Tea plantations of HL organizations;
- understanding the demand, opportunities and risks related with scope extension, to avoid creating any disadvantages for tea small-scale producer organizations and ensure fair competition on the market for Black Pepper.

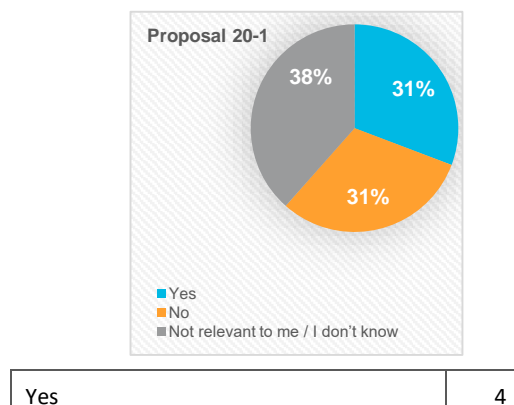
There is one change proposed in this section with eight questions for SPOs and HLs.

**Proposal 20: to expand the scope of the standard for Herbs and Herbal teas for HL, to include Black Pepper (as dried spice) in the certification scope for Tea HL organizations only under following restricted conditions:**

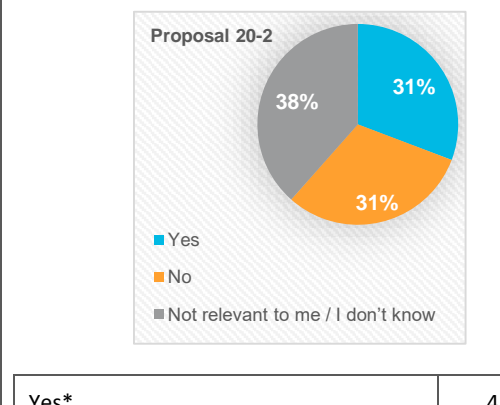
- HL organization is certified for tea as a primary product
- black pepper (*Piper Nigrum L*) is grown as an intercrop on certified tea plantations
- dried black pepper can not be sold as Fairtrade when tea is not sold as fairtrade
- in case a company is decertified against tea hl standard, black pepper as a secondary crop is removed from the certification scope as well.

### For Tea Hired Labour organizations only:

**20-1. Do you grow Black Pepper (*Piper Nigrum L*) as intercrop on Fairtrade certified tea plantations?**



**20-2. Do you have interest to sell dried Black Pepper (*Piper Nigrum L*)? If yes, how much would you buy/sell?**





FAIRTRADE  
INTERNATIONAL

[Back to table of contents](#)

No	4
Not relevant to me / I don't know	5

No	4
Not relevant to me / I don't know	5

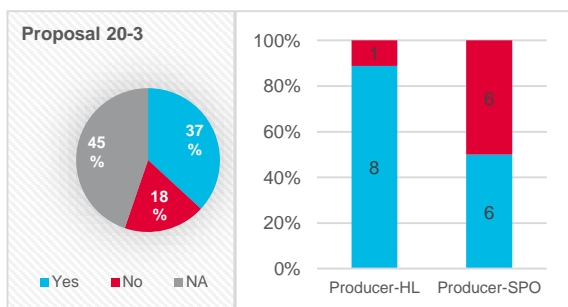
\*reported volumes by 3 respondents:

- 5 to 10 tons annually
- 50000 kg/year
- Volumes change annually

- Out of 13 respondents, 4 (31%) indicated that they are growing Black Pepper on tea plantations as intercrop and further therefore indicated they'd have interest to sell their volumes as Fairtrade .

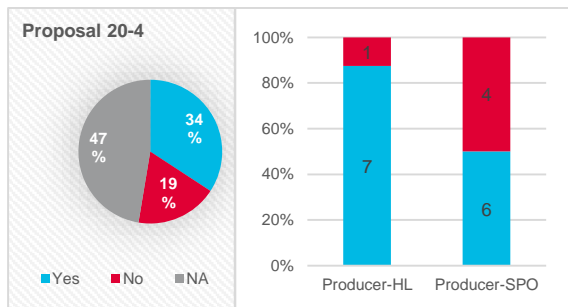
### For Tea HL and all SPO:

**20-3. Do you agree that the scope of Herbs & Herbal teas standard for HL is expanded to allow sales for dried Black Pepper (*Piper Nigrum* L) for Tea HL organizations only when it is grown as intercrop on Tea HL plantations?**



	HL	SPO	total
Yes	8	6	14
No	1	6	7

**20-4. Do you agree that the scope restricts the sales of dried Black Pepper (*Piper Nigrum* L) only to those Tea HL companies who are certified for tea as their main (primary) product and Black Pepper is their secondary product which is grown as intercrop?**



	HL	SPO	total
Yes	7	6	13
No	1	4	7

- Regarding the scope expansion for Herbs & Herbal teas for HL (question **20-3**), to allow sales of dried Black Pepper opinion of participants from SPO and HL was divided. Majority (8 out of 9) of respondents from HL were in favour of this change, and added that they do have in plans to sell black pepper and that it can grow as intercrop or in separate blocks within tea plantation.

While respondents from SPOs had divided opinions those who agreed mention it'd give additional benefits for workers. Those who disagreed, stated that it would encourage intercropping of tea with associated risks of introducing allergens and secondly it the price for HL would be lower then it would cause negative impact on sales for SPOs. Suggestion is therefore to calculate the COSP to fix the price for HL organizations when pepper is grown as intercrop.

On other feedback came from the processor based in Europe that indicated being in favour of this change because if producer is growing black pepper on a Fairtrade certified estate, it would allow income diversification.



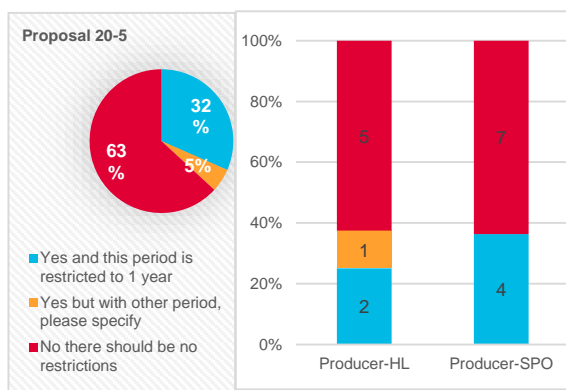
**FAIRTRADE**  
INTERNATIONAL

[Back to table of contents](#)

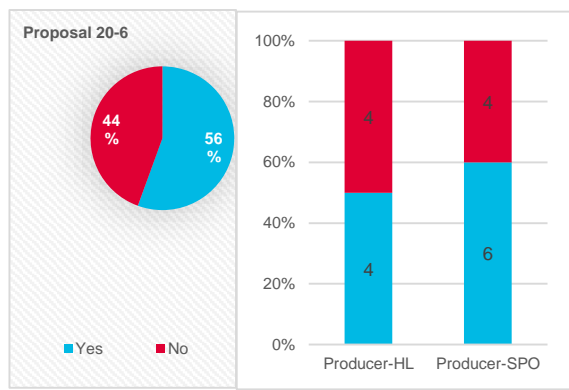
- On question 20-4, majority (7 out of 8) of HL respondents responded 'yes' agreeing that it would be a win-win situation. While respondents from SPOs mentioned that they agreed however did not elaborate further in the comments.

**20-5. Do you agree that in cases where the company (certified organization) does not make sales of the tea continuously for a defined period, the sale of Black Pepper (*Piper Nigrum* L) should be also prohibited?**

*(for example: if the Tea plantation produces Black Pepper as an intercrop on tea plantations does not sell Fairtrade tea continuously for 1 year, will not be able to sell Fairtrade dried Black Pepper)*



**20-6. Do you agree that the scope addition for secondary crop (intercrop) should be removed in case of removal of the primary crop from the certification scope?**



- On the question 20-5, on the time restriction to sell black pepper in case tea is not sold, 6 (32%) respondents agreed that it should be restricted to 1 year and mentioned that it would ensure a fair competition with companies of the same products and that it is not sustainable to selling pepper under Fairtrade without selling tea as main crop under Fairtrade (producer SPO). 1 (5%) respondent indicated that it should be a 3 year period because sales depend on market conditions.

12 respondents (63%) were not in favour of setting any time limitation and further explained that black pepper should be treated as a separate crop and in case of demand on the market this should not be allowed to sell.

- On the question 20-6, 18 respondents answered the question. 10 (56%) respondents agreed. More than half (6 out of 10) SPO respondents agreed that black pepper as a secondary crop is removed from the certification scope because the main crop is a baseline for other requirements to be accepted or not accepted, thus is the certification is cancelled the company should not sell any other product as Fairtrade. Those who disagreed mentioned that the products (tea and black pepper) should be handled and certified separately.

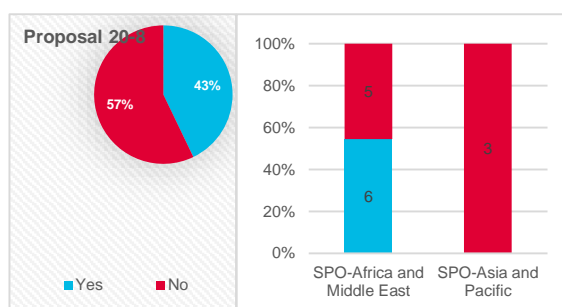
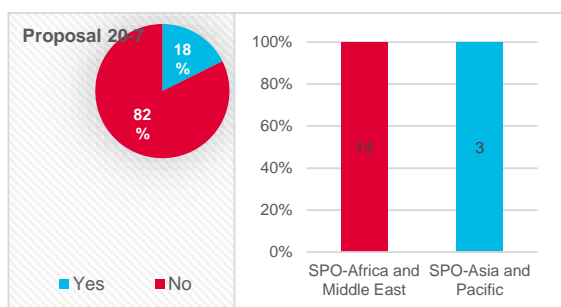
Half (4 out 8) of HL respondents agreed and did not leave any other feedback. Those who disagreed mentioned that it's the company to have an opportunities to decide what is best and that each crop should be certified based on respective product standard.

**For Tea SPO only:**

**20-7. Do you grow and sell dried Black Pepper (*Piper Nigrum* L) as Fairtrade?**

**20-8. As a small-scale producer organization, do you have any concerns with extension of the**

**scope of Herbs & Herbal teas standard for HL organizations, allowing Tea HL under restricted condition to sell dried Black Pepper as Fairtrade?**



To the question 20-7, 17 respondents provided answers. The 3 respondents from SPOs in Asia and Pacific region answered 'Yes' indicating they are growing and selling Black Pepper as Fairtrade, while the respondents from SPOs in Africa and Middle East answered 'No'.

To the question 20-8, 14 respondents provided answers. 6 respondents from SPOs in Africa and Middle East expressed concern with this proposal, to extend the scope for dried black pepper to Tea HL because it would cause unhealthy competition and that intercropping may had negative impact on quality and overall create confusion.

3 respondents from Asia and Pacific region that agreed with the proposal and opined that there would be no competition with HL for black pepper and it would benefit workers. However, the suggestion is that the minimum prices should be calculated in a way that does not affect the SPOs adversely.

### Topic 9: Transition period and applicability of the revised standard

Fairtrade suggests that the Tea SPO and HL revised standards become applicable as of October 1st, 2021. This leaves producers and traders a transition period of at least 6 months, given that the revised standards will be published by May 1st, 2021 or prior to that.

#### Written feedback

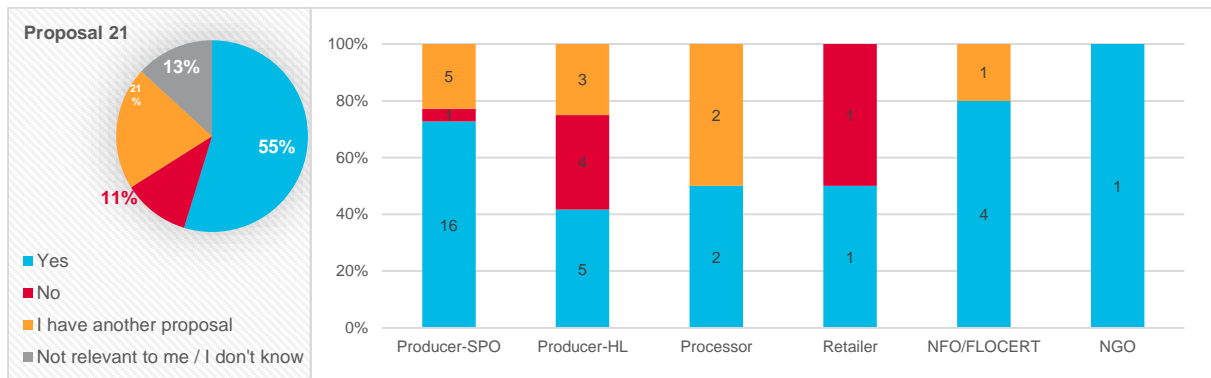
53 respondents provided answers on this proposal. 29 (55%) respondents answered "yes", further mentioned to consider that external situations must be factored in, however no further clarification on type of situations we provided.

6 (11%) respondents answered 'No' and specified that six months is too short to implement all suggested changes, considering number of trainings and other part require much time, thus at least 1 year should be allowed for this transition period (HL & SPO producers India and Kenya). Other respondents from HL organization mentioned that due to COVID-19 disruptions and delays, the standard should be effective from April 2022.



FAIRTRADE  
INTERNATIONAL

[Back to table of contents](#)



11 (21%) respondents answered 'I have another proposal' and also recommended this to be 12 months transition period (1<sup>st</sup> April 2022). Especially due to COVID-19, training workers so far remain a challenge however is crucial for implementation of new requirements. An SPO from Tanzania requested to have at least 9 months. A processor from Europe suggested to allow 12 months transition from the date of publication, e.g. May 1<sup>st</sup> 2022.

7 (13%) respondents found this topic not relevant to them.

## Topic 10: General comments/ feedback on the Tea HL standard review

### Input from HL respondents:

#### ➤ Challenges/standard implementation:

- **FMP-** suggestion to revise and set minimum price because for producers it's impossible to sustain their operations/business with higher bar set in the standard/requirements.
- **Compliance with FT rules vs Government regulations/Court orders** - In some cases, government regulations / Court Orders may hinder compliance with Fairtrade standard. More clarity is required on how an Fairtrade producer organization is to handle such cases and due weightage must be given to the PO's submission to FTI.
- **Sale of FT tea estate** – standard is not clear about sale of an FT tea estate which requires more clarity on the handover process, continuity of FPC, FP and FPC projects. Recommendation is to address it.
- **Wages** - the Standards Committee must factor in the low productivity in tea gardens. Unions enforce a 5 hour working rule in tea gardens during 5 months of the year (November to March). This exacerbates the already low productivity plaguing tea gardens. Moreover, tea gardens are also plagued with high number of staff who are highly paid and do little work but cannot be removed as tea gardens cannot remove anyone from their roles as per government labour rules;
- **Worker housing and sanitation-** consulted requirements on improving worker housing and sanitation go beyond the management scope to provide fair housing as per local standards, thus producers should be allowed to use up to 100% of Fairtrade premium for improvement (not new housing) that beyond current standards with the consent of the Fair Trade workers body.
  - **Use of FP** - Current FP use regulations not serving the needs of the workers to improve their quality of life and not serving the intention of traders who pay FP to contribute towards improving the living conditions of estate workers. Suggestion is to allow FP use wherever gaps exist in the estate infrastructure which would directly improve the lives of the workers, there would be a discernable difference between the quality of life of a FT tea worker and a non FT tea worker.

### Input from SPO respondents:

- **Retro certification (volume and timing)** allow trader to retro certify 100 % of the whole volume, remove any limitation
- **Pre-Finance up to 60%** should not be a requirement but rather agreement between producer and exporter/buyer

**Input from Trader respondents (EU):** the retro-certification limits on the volume & timing (volume & time allowance between CTC African teas & Orthodox / non-African CTC teas) was introduced since at least 2010 but seems arbitrary at this point.

#### **NFO/FLOCERT:**

- **Scope extension to Black Pepper** - seems this would create more chaos rather than opportunities. Spices are a matter of SPO and there is no need for more supply, thus no need to extend it to HL. However, the rationale based on income diversification is well understood yes it does not seem feasible to check at the inspection time that all conditions rightfully apply (intercropping etc).
- **Risk assessment** Requirements should be linked up with risks in that category. Therefore, a risk assessment should be the start of every product standard and every certification of a producer organization
- **Outcome criteria** since the intention of Fairtrade is to change compliance criteria into outcome criteria, every review should be taken as an opportunity to make this shift;
- **Full revision of general standards** if the review of generic standards is foreseen, recommendation is to wait unto full review that will cover topics of Living Wage, Living Income etc. Thus alignment with trader and other generic standards is crucial as much as possible, ideally every adjustment of a standard in a product category automatically changes the general standards as well.

#### **NGOs:**

- **Overall** - suggestion is for Fairtrade to reconsider its approach on certification scope for tea organizations. In particular, when it comes to plantations /organizations where basic standards of living and working conditions are very similar to those on uncertified estates. Otherwise Fairtrade remains under reputational risks, undermining other positive work and impact on livelihoods of small- scale farmers.